Daily Report

Latin America

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FBIS-LAT-95-098 *22 May 1995*

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Parlatino Urges U.S. Congress To Reject Helms-Burton Bill

PA2005025395 Mexico City NOTIMEX in Spanish 0033 GMT 20 May 95

[FBIS Translated Text] Guatemala City, 19 May (NOTIMEX) — The Latin American Parliament (Parlatino) decided here today to call on the United States to reject a bill aimed at increasing economic and political sanctions against Cuba to force the democratization of its government.

"The bill in itself is an attempt that runs against the principles of coexistence and international law," deputies from the Political Commission of the Parlatino said during a plenary session held in the Guatemalan capital. The resolution was sent to U.S. President William Clinton and members of the U.S. Congress who will review the bill designed to impose tougher sanctions on the Cuban Government.

The resolution approved by the Parlatino was submitted by Cuban legislator Jorge Lezcano, member of the Political Commission. The commission asked all of the legislatures in the region "to be on the lookout regarding the evolution of this bill, which runs against the free determination of the people."

The Cuban issue was reviewed within the framework of discussions of how democracy is faring in various countries following the economic reforms being implemented by these nations. The resolution did not include aspects dealing with the political situation in Cuba, but it did criticize U.S. political pressure groups for insisting on more sanctions against the island under the pretext of democratizing its system of government.

Republican Congressmen Jesse Helms and Dan Burton are promoting the bill to strengthen the embargo against Cuba. The bill will be discussed in the U.S. Congress next week.

Chile Wants To Extend Rio Protocol Observers' Mission

PY1905224095 Madrid EFE in Spanish 1742 GMT 19 May 95

[FBIS Translated Text] Santiago, 19 May (EFE) — Chilean Foreign Minister Jose Miguel Insulza has stated that Chile wants the mission of observers to be extended in the Condor Mountains zone where Peru and Ecuador engaged in an armed confrontation in February 1995.

The mission of observers had been designated by Argentina, Brazil, Chile, and the United States, the four guarantor countries of the Rio de Janeiro Protocol, which established the borderline between the two countries in 1942.

In remarks released today the Chilean foreign minister said: "We believe, in fact, that the timetable encompassing the cease-fire first, then the separation of forces, and now the withdrawal of the fighting forces, has been well carried out."

He added, however, that the date of 15 June, set as the deadline for ending the work of the mission of observers, does allow enough time. He said that this mission must remain for another period of "no longer than three months, but perhaps with a reduced number of observers."

According to the peace agreement signed on 17 February, Peru and Ecuador last week completed the process of separation of forces from the zone where the combat was waged, and are now in the process of demobilizing their troops.

At this moment representatives of the four guarantor countries in the conflict are meeting in Rio de Janeiro to assess this process.

Guarantors Urge Ecuador, Peru To Start Bilateral Talks

PY1905224695 Madrid EFE in Spanish 2208 GMT 19 May 95

[FBIS Translated Text] Brasilia, 19 May (EFE) — The guarantor countries called on the Ecuadoran and Peruvian Governments today to start bilateral negotiations "to find a lasting solution to the long-lasting conflict."

The representatives of the guarantors (Argentina, Brazil, Chile, and the United States), who have been meeting in Brasilia since 17 May, expressed their "firm commitment to continue their efforts and cooperation to fully implement the Itamaraty Peace Declaration" that was signed on 17 February 1995.

They also asked the Ecuadoran and Peruvian Governments to accept the offices of the Red Cross to facilitate the exchange of civilian and military prisoners "and to handle other humanitarian activities."

They also called on the two countries to take concrete and effective measures "to remove the explosive devises that are causing the loss of human lives."

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The guarantors also insisted on the need to adopt "initiatives toward a gradual relaxation of bilateral relations, such as the normalization of border trade."

The mission of observers of the guarantor countries will deliver this weekend a proposal for the definition of a demilitarized zone.

The guarantors offered their willingness to extend the presence of the observers in the zone, and suggested that members of the Ecuadoran and Peruvian Armed Forces join this group.

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Cuba

Fidel Castro's News Conference 19 May

FL2005195295 Havana Radio Rebelde Network in Spanish 1700 GMT 20 May 95

[Report on news conference by Commander in Chief Fidel Castro with correspondents at the Santa Efigenia Cemetery, Santiago de Cuba, on 19 May; from the "National Radio News"]

[FBIS Translated Text] Commander in Chief Fidel Castro has told reporters covering ceremonies marking the centennial of Jose Marti's death in combat that this Revolution — a Revolution of which Marti would feel proud today — is the offspring of his teachings. He added: I was as highly moved in Dos Rios as I was standing before Marti's tomb. He added that he would have liked to have stayed in Dos Rios longer, which he believes should be preserved as on the day Marti died. He then explained why this commemoration should not be considered a day of mourning:

[Begin recording] [Castro] I was telling the comrades, telling the children that today is not a day of mourning. Today is a celebration. It is as if the seed that was planted was sprouting.

[Correspondent Carlos Zanabria Marrero] And is very far reaching, even into the next century.

[Castro] Far into many centuries and forever. This is why I have not felt sad or mournful. It was more like great happiness, not sadness but deep feelings felt while understanding his scope. The Marti we know today is not the Marti of 100 years ago, when he died. Many of his works were unknown, many of his writings, many of his ideas. All that came out later, including that letter to Mercado, his deep anti-imperialist ideas, his Latin American ideals. Only after the historians gathered up all his writings — and more might still be found — did Marti gain that stature, that universal stature, that enormous prestige, that extraordinary personality we know today. This is why I say it is a growing tree, a growing example, a seed that was planted that day. He did not perish that day. It began to sprout like a seed, to grow, to germinate, to bear fruit. The end result is our people, not only for what it has done — which is much — but also in what it feels, in its spirit, in its capacity to fight, in its heroism we see the fruits of that great evergreen tree which will always bear fruit. Marti is a tree that has been nourished; our people have nourished that tree so that it grows even taller. [end recording]

Our commander in chief also told reporters at Santa Efigenia Cemetery, in Santiago de Cuba, that Marti had foreseen the danger looming over Cuba and that our Revolution is the offspring of his teachings:

[Begin recording] [Castro] The roots of the socialist Revolution are found in his ideas. Could he have ever foreseen that Cuba would one day find herself alone before the mainland in defense of his ideas and her independence? He could not have foreseen a special period like the one we are experiencing today. Could he have imagined it so difficult, so hard? I am convinced he did imagine his people as capable of waging that struggle, that fight, and moving ahead. We cannot forget Baragua and its constant and frequent....[pauses] and frequent gesture which was born in Baragua as the Ten Year War was practically lost, that gesture of rising up. This is why we can say that Cuba is today living an immense Baragua. I believe Marti would be proud of his people, very, very proud. He fought and died on behalf of a people such as this, a people with all the necessary dignity. Marti and many others fought in 1868 and fought and died in 1895. We cannot forget Cespedes, Agramonte, and Maximo Gomez, who accomplished so much. I believe our people are the worthy heirs of the Marti who died in Dos Rios.

[Zanabria] Commander, I would like to take advantage of your kindness and ask one last question: Much has been said abroad about the U.S.-Cuban migration accord. Is this the beginning or a point of departure for future accords on issues of mutual interest to the two governments?

[Castro] This is a good example. This shows that complex problems can be solved through dialogue. It would have been impossible to solve the gigantic problem — that is, the problem of the mass exodus — that they themselves created without Cuba's cooperation. They encouraged this through every possible means and pushed it further by reinforcing the blockade, particularly in conjunction with the special period. They created this problem. They were the ones who prompted the immense buildup of people at Guantanamo. There was no way to reach a solution without the accords.

They began moving them out of there. They began with the women. That was fine. Nobody was going to protest them moving the women, the children, or the sick. They had already moved out 10,000 people. The problem was beginning to grow again. It seemed like an unsolvable problem. However, there had to be a solution to the Guantanamo problem. Solving the problem meant eliminating the temptation. The problem has still not been solved completely. The accord must be fulfilled rigorously, the first accord and the second accord. The second one rounds out the first one, and in some respects rectifies the first one.

There was the recent case of the speedboat that came and picked up some people. That is smuggling. They are

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investigating that case, and so are we. We are waiting to see what they decide to do. The problem is that these people think that they can come and pick up people and head for the United States. The accord covers a wide range of cases: those picked up at sea, those who enter the base, those who make it to the U.S. mainland. The accord is logical and strong. Yet, there are people who still think...[pauses] There are also procedures to leave legally. The United States has granted a relatively high number of visas. Yet, there are those who do not qualify for a visa or those who are too impatient to wait. Most who try to leave illegally are those who have no hope of getting visas legally. They believe that they will somehow make it if they reach the United States. Those with relatives will hide with those relatives. Some do not have relatives in the United States.

It is a long-term job. The basis of these accords should help to solve this problem. Efforts to encourage illegal emigration were the problem — that is, the welcome bestowed on those who left illegally and the privileges they were granted. They were treated different from those from other parts of the world. There will always be those who will try to cross borders despite immigration laws. It is said that approximately 120,000 Mexicans are repatriated every month. They keep building fence after fence, wall after wall. They do not know what to do next. There is a natural worldwide trend to emigrate from less developed countries to more developed countries, particularly in Latin America. Many Dominicans also cross La Mona channel. That has been promoting strong anti-immigrant feelings, particularly against illegal immigration. This explains the approval of California's Proposition 187. That explains why a majority of Americans are against illegal immigration. Worse than that, there are also strong feelings against legal immigration. Some are proposing a five-year moratorium on all legal and illegal migration to the United States. However, that would only result in more illegal immigration. Even people from the PRC try to reach the United States illegally. One hears every so often of a vessel filled with Chinese refugees, of people charging $35,000 per head to bring someone from the PRC. Only the relatives of very rich people can try this. They try to smuggle people at $35,000 a pop.

This is a very worrisome problem for the developed world. U.S. authorities naturally worry more and more each day. They reached the conclusion that there could be no exceptions and that all of that even encouraged people to violate migration laws. [end recording]

Castro: Cuban Independence Halted U.S. Expansionism

PA2005025195 Havana PRENSA LATINA in Spanish 0115 GMT 20 May 95

[Report by Alejandro Gomez]

[FBIS Translated Text] Santiago de Cuba, 19 May (PL) — Fidel Castro said here today that as Marti predicted, Cuba's independence has prevented the United States from extending itself to other American soil.

Following the last honor guard at the monument containing the remains of national hero Jose Marti at the Santa Efigenia Cemetery, the president added that the Cuban people's struggle was a determining factor in halting U.S. expansion to other lands in the hemisphere.

"That is why they hate us the way they do and have fought us for so long," he stressed.

After saying that the U.S. Government does not tolerate the idea of rebellion, Fidel Castro said that one way or another, Cuba's struggle has helped create that spirit on the continent.

"They have tried to do away with that example, but we need to continue it," he said.

He said that in a way, Cuba is in the same position it was in when Marti fell in Dos Rios: It still needs to struggle to defend and preserve national independence.

He recalled that for many years the Cuban patriot dreamed of dying in combat during a cavalry charge, which is precisely what he did on a day like this one, when he was mortally wounded.

"There he fell, and the seed he germinated grew into the Cuba of today," the Cuban leader said with visible emotion.

The Cuban head of state presided over the official ceremonies to commemorate the centennial the great national hero's fall in combat.

Castro Contends Cubans in U.S. Support Migration Agreement

PA2005042895 Havana PRENSA LATINA in Spanish 0257 GMT 20 May 95

[FBIS Translated Text] Santiago de Cuba, 19 May (PL) — Cuban President Fidel Castro said here today that a large number of Cubans in the U.S. state of Florida

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support the migration agreement signed by the United States and Cuba on 2 May.

"The extreme right-wing groups in Miami may be able to change many things, but I think this type of agreement cannot be changed," the Cuban president told the media minutes after the conclusion of events commemorating the 100th anniversary of the death of Cuban national hero Jose Marti in Dos Rios on the extreme eastern tip of the island.

He said that in the United States there is a relatively large number of Cubans who favor the agreement, and he pointed out that most of those living in Dade County — the area in Florida in which most of the emigres live — have reiterated their support.

Fidel Castro said three-fourths of the voters in Florida favor the migration agreement, adding that right-wing groups "are exerting pressure, but they have lost strength because they are clashing with the interests of those who favor the city's tranquillity. They are upsetting the citizens of Miami."

He noted that those who are now demonstrating against the agreement between Washington and Havana were supporters of the U.S. Administration's decision to send more than 20,000 illegal Cuban immigrants to Guantanamo Naval Base on the eastern part of the island last August.

According to the agreement reached earlier this month, the White House will repatriate all Cubans who attempt to illegally enter the United States or Guantanamo Naval Base. The majority of those detained at the naval installation will travel to the United States following a selection process conducted by the authorities of that country.

Remarks on Compliance With Accord

PA2005041895 Havana PRENSA LATINA in Spanish 0258 GMT 20 May 95

[FBIS Translated Text] Santiago de Cuba, 19 May (PL) — Cuban President Fidel Castro asserted here today that the recent migration agreement signed by Cuba and the United States shows that only through dialogue can the problems separating the two countries be resolved.

"Without Cuba's cooperation, they would not have been able to resolve the giant problems they themselves created," the Cuban leader stated when he was approached by the media just after participating in an event to commemorate the centennial of the fall in combat of Jose Marti, the national hero.

He emphasized that U.S. authorities themselves encouraged the mass exodus of Cubans in August 1994 that resulted in a large accumulation of emigrants in Guantanamo. They promoted it through all possible means, and the rigors caused by the blockade against the island also sparked the exodus.

Fidel Castro stated that the important thing now is to discourage all illegal emigration, which can only be achieved through strict compliance with the migration agreements, the first of which was signed in September 1994 and the most recent one on 2 May.

According to the agreements, U.S. authorities will process the approximately 20,000 Cubans being held on Guantanamo Naval Base on the eastern side of the island and will return to Cuba all emigrants trying to enter the United States illegally. The Cubans who are returned will not be punished for their actions.

As part of this agreement, the United States has already returned to Cuban authorities two separate groups of Cubans trying to reach the Florida coast. There were 13 rafters in the first group and 11 in the second.

The Cuban president referred today to a speedboat carrying a group of illegal emigrants to the neighboring country. The U.S. Coast Guard stopped the boat on the high seas a few days ago.

The boat, which was manned by two Cuban-Americans residing in Florida, entered Cuban waters to pick up a group of people and take them to the United States amid still unclear circumstances.

Castro noted that "they are investigating it over there. We are waiting to hear their decision on this incident, which involves smuggling people."

He explained that the United States is granting a relatively high number of visas, but there are always those who do not qualify or lose patience. Those who try to emigrate at any cost belong to these groups.

He stressed that "this is a long process. The guidelines set by the agreements should definitively resolve the problem, if they are followed."

The Cuban president said that the problem of illegal emigration to wealthier nations is a worldwide problem stemming from the extreme poverty of the underdeveloped world.

He said that "every year, hundreds of thousands of people from various countries try to enter the United States, particularly Latin Americans. This has generated a truly dangerous anti-immigrant feeling."

He emphasized that this trend has awakened concern among U.S. authorities, which may have led them to believe they should take measures to prevent massive

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migrations without exception. Until quite recently, that was the case with Cubans.

Castro Hails Marti's Life, Works at News Conference

FL2005032095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 20 May 95

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro this afternoon participated in the Santiago de Cuba ceremony marking the anniversary of Jose Marti's death in combat. In the last few minutes of our broadcast, we will highlight the most relevant aspects of the solemn ceremony:

[Begin recording] [Video shows Castro standing outside at the Santa Ifigenia Cemetery, surrounded by a barrage of reporters with microphones; Castro is dressed in green fatigues; Castro speaks and gestures in his usual animated style]

[Correspondent] Commander, the significance of Fernandina in the war of '95 is well known. Could it be said that the special period could become the Fernandina of today's Revolution?

[Castro] I agree with what Lage said, that we are living in a great Fernandina. The special period is a great Fernandina. It can be overcome by the Revolution, just as Marti incredibly overcame. All that occurred later...[pauses] but you cannot imagine the infinite bitterness he suffered when he lost [word indistinct]. What he did to go to Santo Domingo to meet with Maximo Gomez and arrive here, so many years of effort and money collected one penny at a time! We marked their arrival in Playita and 100 other miraculous things just a few days ago. Incredible! No one knows how they managed to arrive here. What boldness, what courage was needed to accomplish that, to arrive with so few men! It is a demonstration of his strength.

I was asked to explain a little about his death in Dos Rios. I would say that Marti dreamed of dying in battle. Marti dreamed of the charge of the cavalry. For many years his speeches spoke of heroism, of that 10-year struggle.

He realized his dreams in that sense...[orchestral music heard in the background] to die in combat and to die in a charge of the cavalry...[music builds] and he did it alone...[music crescendos and continues; video cuts to wide shots of Castro placing bouquets of white roses at Marti's tomb, which is draped with the Cuban flag and surrounded by flowers] Marti and his mysteries.

This is a little difficult to explain, the kind of combat and how it was carried out. As he charged alone, he suffered alone. Imagine being with him, charging, launching a cavalry charge all alone against the Spanish Army. [Words indistinct] such acts of his life, not his life, not his greatness, not his thoughts. He is a Latin American man, a universal man with an incredible, extraordinary philosophy. He possessed enormous intelligence, capable of putting so many things into each word, each phrase. This is a philosophy that should be saved for history, his letters, his speeches, his writings, his political proclamations. I always...[pauses] from a very early age...[pauses] I do not think it odd to be attracted to Marti's ideas, prose, verse. They have enthralled the entire world from very early on. [end recording]

Lage Speaks at Marti Centennial Ceremony

PA1905163495 Havana Radio Network in Spanish 1341 GMT 19 May 95

[Speech by Carlos Lage, vice president of the Cuban Council of State and secretary of the Council of Ministers, at the ceremony marking the 100th anniversary of Jose Marti's death at Dos Rios — live relay]

[FBIS Translated Text] Distinguished guests, dear Fidel, fellow Cubans:

One hundred years ago, on this very site, a man died and a symbol was born. His heart remained to fertilize the land and to continue beating tenaciously from one generation of Cubans to another.

At this instant, as we commemorate one of the most crucial events of our history, precisely at this hour, one of the most glorious moments of our people's struggle, we are encouraged as Cubans by the feeling and awareness that Marti is living among us.

Jose Marti was the greatest American thinker. He and Bolivar were the most distinguished figures ever produced by the peoples of our America. He was a man of profound ideas, whose ode to freedom and to the dignity of human beings is surprisingly current; whose ethics even today foster the best moral values of all who come into contact with his incandescent word; an unsurpassable revolutionary leader, who with his impetus and effort forged the struggle to liberate his people; a shrewd politician who was able to make a concerted effort and unite the strongest wills; an intelligent conspirator who was capable of plotting in silence the complex scheme of a nationwide insurrection; a sensitive spirit who understood the need for a redeeming war, which he wanted to be civilized and magnanimous.

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He was, when necessary, a man of action capable of bearing the rigors of the field and of fearlessly facing its very serious dangers.

When we evoke Jose Marti we also evoke the writer, prodigious for the vastness and richness of the content and form of his works; the tender and tumultuous poet; the earthshaking and sleepless orator who made the word a melting pot of emotions and the mover of wills. We evoke the founder of a literary movement, the shrewd and generous critic, the penetrating journalist of his time, the surprising visionary capable of surprising other cultural and political eras.

The first thing that evokes admiration for Jose Marti's life — he was born into a family of Spanish origin, in the heart of a pro-slavery society, and at a historic time in Cuba when annexationist trends were at their peak — was his ability, early in life, to overstep a number of social and ideological conditions and to embrace from adolescence what for his era and environment constituted very advanced thinking: the rejection of slavery and racial discrimination, condemnation of social injustice, the defense of all men's equality, an awareness of Cuban nationality, and the idea of his fatherland's independence from colonial domination.

The consequent application of these ideas was the reason for his having been thrown into cruel political imprisonment at the age of 16. Later on, the overwhelming power of his thoughts, words, conduct, and urging of unification made Marti — a young man without a heroic past — the undisputed leader of veterans of the glorious 10-year war; and the leader of men of titanic stature such as Gomez, Maceo, and so many others. It was Marti who not only organized the campaign that would be decisive for Cuba's independence, but gave it a party and an admirable body of organizational and programmatic ideas.

Spain was only a circumstantial enemy at that time; the metropolis from which it was essential to gain independence. However, in Jose Marti's anti—imperialist vision, a greater threat was the expansionist ambition of the neighboring country, which had expanded to the southwest by occupying over half of Mexico's territory and was already prepared to expand its domination, sheltered by an alleged manifest destiny of conquests.

Under Dos Rios' sky Marti wrote: I lived in the monster and I know him from the inside.

Therefore, we have gathered not only at the site where he gave his generous life, but at the site where he unveiled his profoundest thoughts with prodigious intensity.

David's sling fell from his hands in the battle of 19 May 1895, and a century later, we can say that Marti's Cuban people picked up David's sling from this field and are holding it tight. We, the successive generations of Cubans whose turn it was to achieve the victory of the revolution, to improve it every day, and to defend it owe a great deal to Marti. The revolutionaries of this land received from Marti the overflowing love for humankind and the fatherland, the passion for freedom and justice, and the firm determination to preserve the identity and the sovereignty of the nation above anything else. From Marti, we inherited his worship of man's dignity and decorum and his undiminishing trust in people. From Marti, we learned how to reject the tyrannies and the interferences. From Marti, we obtained a clear vision of the imperialist danger, the acute awareness of a necessary war, and the conviction that freedom is very expensive and that it is necessary to live without it or to decide to purchase it by what is worth. From Marti, we tasted the sap of our Latin American identity and the belief that our America has one origin and one hope and one danger and one destiny. Marti was the one who warned us that we are fighting in Cuba to guarantee the Hispano-American independence with our independence and who awakened our international sentiments by telling us that the fatherland is humanity. Form Marti's actions, we learned the lessons of the vital significance of national unity, the unity of the revolutionary forces, and the role of a structured political organization in terms of the revolutionary war, that is, becoming the fighting vanguard of that struggle. Thanks to him, we value the effective worth of the Latin American solidarity and public opinion and the contribution we expect from the Cuban communities living in the United States and in other Latin American countries.

From Marti, we took the essence of the Republic that should have emerged from the battle for independence and that was instead turned into a neocolony, and forged it into a republic beginning with the 1959 revolutionary victory. From him we assimilated the ethics for civic behavior and for the political and revolutionary fight. He told us that true glory lies only in the sad and rough fulfillment of duties.

Fidel recognized in Jose Marti the intellectual founder of the 26 July 1953 revolution, and in his work he recognized the moral, ideological, and political foundation of our revolution. It is only fair, in this centennial of his death, to pay tribute to those who fell honoring Marti's life. More than 36 years ago, the Cuban people began the enormous battle of changing a society that had almost lost hope. Throughout all these years, our little country had to face the obstacles posed

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by all sorts of aggression — political, economic, and military aggressions by the United States, the iron-clad economic blockade that has prevailed since the first days of the victory of the revolution. This blockade has tightened lately and is threatening to become more criminal, as if it were possible, as an unmistakable proof of the perennial hostility toward Cuba by those sectors of that society that would only be pleased if our identity as an independent and sovereign nation were liquidated.

The final conclusion of the final stage of the U.S. hostility against Cuba and the indescribable brutality with which, on the verge of the 21st Century, the U.S. Government attempts to bend the people through whose veins Jose Marti's blood runs, is yet to be written.

When this historic assessment takes place, the clumsy and blind policy of nine U.S. administrations will come down as one of the most shameful chapters in U.S. history. The U.S. Government will have to admit this: We tied the Cuban economy for decades, but Cuba resisted; we set up invasions, murders, and sabotage, but we failed; we tried to internationalize the embargo, but Cuba stayed firm; we forced the world to be accomplices to the crime, but we failed to get the world's support; in the height of shame, we attempted to seize this people's most beloved symbol, Jose Marti, to outrage them, but Marti's shining spirit joined forces with those whom we wanted to harm and closed ranks with the indomitable people we could not defeat.

Despite all past and present difficulties and setbacks, the work of the revolution reinforces the conviction that the selected course of action was the right one and that the effort was not in vain. Until 1989, the Cuban economy had grown by a yearly average rate of 4 percent. But this figure would mean nothing without specific work for the well-being of every Cuban. After all these years of serious limitations, our health index compares favorably with those of any developed countries. The average life expectancy of Cubans is 75 years, eight more than the rest of the Latin American people. We have a comprehensive social security system, whose benefits reach 10 percent of the population. [as heard].

In Cuba, there is virtually no illiteracy and the people's average schooling is nine years. We have not lagged behind in this area despite material shortages.

Cuba prides itself on the complete absence of racial or sex discrimination. We have no organized crime or drug trafficking. The violent crime rate is one of the continent's lowest. No one must sleep on the streets. There are no unprotected old people or forsaken children. We enjoy social stability and the people's ample participation in the management of society. Cuba can say that, in more than 35 years of revolution, not a single person has been reported missing or tortured or slain for political reasons.

We warmly defend the work that we carried out even in the midst of poverty, a work that has been preserved despite difficulties of all kinds, difficulties that at one time or another looked insurmountable. The Cuban revolution puts at the feet of its master its work on behalf of man. The Cuban revolution demands respect for its work and recognition of the acquired right to carry it through. [applause]

We currently face a difficult situation. We suffer an economic crisis imposed by the effects of the blockade and the harsh blow dealt by the Socialist Bloc's collapse.

The economic blockade which our country still withstands represents a whole system of aggressive actions and measures, strengthened by a domination of the mass media and diplomatic actions, threats, and even blackmail against third countries and enterprises. There are now plans to make it more asphyxiating through provisions in the Helms-Burton bill, named after its more prominent sponsors, who have the minds of cavemen. The idea is to rule the world from the U.S. Congress.

The issues outlined in the bill regarding our country do not worry the Cubans, because they would have to come here to implement them. Cuba is not ruled by U.S. laws. Cuba is not ruled from the U.S. Congress. Cuba is not ruled in English. Cuba is ruled exclusively by its own people. Our enemies' warped hate — hate for our example, hate for our determination to resist, hate for our capability to be truly free — now leads them to extremes that have deserved the condemnation or generalized criticism of governments, institutions, and individuals from all over the world and from all political movements.

The new project to expedite the death of a whole nation through starvation and disease is condemnable, not only for its unusual ambition of extraterritoriality; its absurd pretention of setting back history 40 years; and its coarse and obsolete reactionary rhetoric; it is condemnable not only because it represents a threat to Cuba and the Cubans but because it entails a threat for mankind. The world sees with concern the development of tendencies within the U.S. society that are the antithesis of all that is human and civilized.

The brutal terrorists of Oklahoma are definitely the allies, at least in the spiritual sense, of those who encourage a policy for worse aggressiveness against Cuba. The United States, the greatest power in the modern world, therefore, has a responsibity toward history. This is not limited to the course taken by its

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country and its government. It must inevitably assume its responsibility for the destiny of mankind.

The U.S. authorities are bound to eradicate the irrational tendencies of their policies; combat the fascist militias and their causes; and make prevail the U.S. people's values, which Marti admired. We have the capacity to coexist in peace with the United States — not with the hegemonic empire of wars and death, but with Lincoln's homeland.

In the bosom of that society lives a community of Cuban origin that has duties and visions. As in Marti's days, we can find in that community people in favor of annexation and people who favor independence, patriots and people without a fatherland, pure people and impure people, honest people and opportunists. The Cubans in Cuba, who have embraced a cause for which we would die without hesitation, feel no animosity toward those who decided to emigrate. We feel close to those who want to reunite with their families, who wish the best for their country.

We feel that we are far away, very far away, irreconcilably far from those who join a foreign power against their own country, from those who want to drown us in blood, deprive us of the fatherland, enslave us again, and bring about the hoisting of two flags in El Morro, as in the bitter year of 1902.

We have only one flag, one that, as a poet once said, has never waved for mercenaries, one with a lone and bright star.

We will always be at the side of those who love and build. We will never befriend those who hate and destroy.

At this very difficult moment of the fatherland, we say to the members of that community that the suitable attitude right now is to understand Marti and to be with Marti, which means being on the side of independence, sovereignty, our national identity, and with the right of the Cuban people to decide their own future.

One may or may not share the ideas and the dreams of the revolution. [applause] One may or may not share the ideas and the dreams of the revolution; one may or may not agree with our socialist principles and norms; but if one is in favor of Marti, in favor of independence and sovereignty, we are in favor of the normal relations the Cuban family deserves to have.

It is worth recalling these words, which represent a lesson, from the apostle: When one lives in a country that traditionaly has disdained us but craves to own us, one has the ongoing obligation and the urgent need to speak up whenever this is right and appropriate, to shape opinions, and to bring about feelings of love and respect in people we would not otherwise be able to stop or detour if we do not take advantage in time of whatever idea they still have of a republic, to present ourselves to them as we really are.

They, who love their liberty with passion, would despise us if we do not show our passion for ours.

Once again, as in Marti's days, Cuba, in defending its independence, is safeguarding the dignity and honor of the North American nation and imposing respect for the independence of the people of our America.

Our people are not overwhelmed by this great responsibility and we are not scared by new threats. Neither one law nor 1,000 laws will scare people who did not flinch when they were on the verge of being eliminated by a nuclear war.

The arguments used to justify the aggressive policy against our country cannot be the same arguments used in the past. Nowadays no one can speak of Cuba as an agent of a world communist system, which simply has ceased to exist. Only obtuse and ignorant people speak of Cuban interventions in other countries or of Cuba representing a threat to the United States.

Today there is a need for new pretexts, such as charges of human rights violations, Cuba's refusal to accept political or economic systems liked by the empire, or the ongoing presence of the revolution's historic leaders at the head of the country.

We could ask: Has not the work of the revolution a great achievement in favor of human righs? We could ask: With basis on what mandate or doctrine are some people trying to set up a specific economic and social model that has not been successful in more than 200 years, as the universal and standard model that establishes the legitimacy or not of a social system?

It would be good to ask who other than the Cuban people can assume the right to decide who will lead their country. There have been changes in Cuba, and there will be changes decided on by the Cubans. What has not changed is the U.S. blockade. We have begun an orderly process of reforms and measures aimed at achieving a greater efficiency in the operation of our economy. We have begun to implement, with a practical sense, everything demanded by the events that are occurring in the world. However, we are not an economy in transition. Neither the people nor the party are changing to capitalism, even if we have postponed our dream to build a socialist society.

We are aware that, in the difficult situation we are experiencing, some of the measures we applied are

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inconsistent with the hopes for equality and organization of the society that have always been the basis of our revolutionary ideas.

We will take the necessary measures, but we will never make a single concession. The practice of yielding, Marti said, deadens the ability to dare. What is clear is that we will never turn this country over to the United States or the Miami patricidal mafia. That which is not under discussion is that we will never give up the ideals and principles of the revolution. Our people's heroic resistance is drawing increasing solidarity and respect from the world. If many thought that it seemed inevitable that the revolution would take its flag down when others did, this possibility today is not within the dreams of our most relentless adversaries. We have gone through and are experiencing difficult days and excruciating shortages, and our people have had the courage and ability to endure them.

This has been possible because we are not defending the wealth or family property of a group of fortunate individuals. We are not defending personal ambitions or appetites for power. We are not defending a social order that guarantees the well-being of some who are becoming increasingly detached from their own people. We are defending the revolution's material and moral work. We are defending the rights of an entire nation. [applause] We are defending social justice, which is an indispensable requirement of a true democracy. [applause]

If our socialism is still standing, if our achievements have been preserved, if today we see the light at the end of the tunnel, it is because of our firmness of principles, our unity, and our trust in the revolution and in Fidel. [applause]

This and none other is the path. Flexibility, realism, and intelligence is what we should have. But betraying our history, abandoning our independence, relaxing our sovereign right to build our own future is what we should not do, and we will never do it.

Marti taught us that: Only that which a nation wants will survive. What the Cuban people want is what the revolution has already granted: the dignity of man, as well as that of his nation. We can truly say this through the words of our commander in chief, he who has been the foremost disciple, and historical continuator of Marti legacy. [applause] Fidel once said: We were born in a free land bequeathed by our forefathers, and the island will first sink in the sea before we ever agree to be slaves of anyone. [applause] Despite the aggressive policies against Cuba followed throughout the past years by successive U.S. administrations, there has never been any lack of willingness from us to enter a dialogue, based on mutual respect, and solve the differences that keep us apart. The recent migration agreements signed between the U.S. and Cuban Governments are evidence that the path, the only path, toward solving our mutual differences, is though an open and respectful dialogue. We are convinced that despite the universe of conflicts that have prevailed in our relations with the United States for more than a century, it is still possible to move forward, without impositions, or prerequisites, toward agreements and understandings that can be to our mutual benefit. Now that we are at the dawn of a new millennium, all the hopes that arose in humanity with the end of the so-called cold war and the wonderful opportunities offered by scientific and technological development are being thwarted by the deep poverty hundreds of millions of human beings are undergoing; the irrational, and in some measure, irreversible destruction of the environment; the problems posed by the world's population growth and migration; the predominance of hegemony, selfishness, and contempt for principles of sovereign equality, self-determination, and nonintervention; the increase in social violence, and hatred due to race, belief, or nationality; by the moral erosion, and the loss of basic human values such as solidarity and respect. In such a world as we now have, the belief and ethical values of Jose Marti's, the most universal of all Cubans, are fully valid, and a befitting ideal for these irrational times, when such moral references are needed. Our tribute to Marti in this centennial of his glorious death in battle is, without any doubt, one that he himself would have requested for that other great colossus of American history, meaning that the echo of his name be passed on, from father to son, as long as the fatherland exists, and kept as the most courageous and honest part of our souls. Our most fitting tribute to Marti will be to be faithful to his legacy. Our most fitting tribute to Marti will be the continuation of the struggle for the survival of the fatherland, the continuity of the revolution, the inalienable safeguarding of the accomplishments of our socialism. [applause]

In the name of the revolution, I address our unselfish and militant people on this solemn moment. I address all those fighters, who are also workers for the nation's defense, soldiers of production, and who close ranks in the nation's most commendable detachments. I address all those workers who, on foot or on bicycle, never fail to arrive at their workplace, and imprint their determination into all daily activities; to those rural workers whom with their bare hands, and bare feet, still manage to make the land bear fruit while they sweat profusely. I address the doctors, who stoicly battle against disease and death, even without much-needed resources.

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I address the teacher who struggles not to let down his students; the scientist, the athlete, the intellectual, the artist who does not forget the people to whom he owes all. I address the housewife who, amidst scarcity, ensures the livelihood of her home and family; the service worker who strives to do his best at his job; the student who strives to be more useful in the future. I address our children, our cadres, and leaders, who have to feel, today more than ever, the overwhelming need to be worthy and austere, incorruptible and exemplary, and to be the leaders in virtue and the dedication of their lives to a heroic people. In the name of the revolution, I address myself to those persons who, faced with material shortages, have not broken their revolutionary will and each day renew their faith and confidence in the future. [applause]

I address myself, on this Marti occasion, to those millions of men, women, and children, who carry the master's doctrine in their hearts. Let us be a leader among the generations, in this, another centennial, of the same caliber as that generation which sacrificed itself in Moncada to be worthy of the task of dignifying mankind, which is the indestructible legacy of the revolution, of the invincible revolution of Marti, Fidel, and all Cubans. [applause]

Eternal glory to Jose Marti! May the heroes of the nation live forever! Long live Fidel! Long live the Revolution! Long live a free and sovereign Cuba! Socialism or Death! Fatherland or Death! We Shall Win! [applause]

Castro Meets With Mexican Ruling Party President

PA2005044695 Havana Radio Havana Cuba in Spanish 0000 GMT 20 May 95

[From the "Evening Information Review"]

[FBIS Translated Text] Cuban President Fidel Castro met in Bayamo with the president of Mexico's ruling Institutional Revolutionary Party [PRI], Maria de los Angeles Moreno, who as leader of her party's delegation attended the events commemorating the 100th anniversary of the death of Cuban national hero Jose Marti in Dos Rios, Granma.

During the meeting, the PRI leader reiterated the solid ties of friendship and brotherhood between Mexico and Cuba and said that just as in the times of Jose Marti in the previous century, Mexicans remain beside Cuba on the long road that is the source of our pride and identity.

President Fidel Castro praised the historical relations between Cuba and Mexico and said it was a great honor to meet the first woman to head the PRI.

The PRI delegation, headed by Maria de los Angeles Moreno, met on Thursday with Ricardo Alarcon, president of the Cuban parliament, and with Vilma Espin, head of the Federation of Cuban Women. The PRI delegation will end its visit to Cuba on Saturday.

Mexican Party Leader Finds Helms-Burton Bill 'Meddlesome'

FL1905234495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 19 May 95

[Passages in quotation marks Moreno recording; from the "NTV" newscast]

[FBIS Translated Text] Maria de los Angeles Moreno, president of Mexico's Institutional Revolutionary Party [PRI], arrived in Cuba today to attend ceremonies honoring Jose Marti on the anniversary of his death. Jose Antonio Arbesu, deputy chief of the Cuban Communist Party's general foreign relations department, met Moreno at Jose Marti International Airport. Moreno is the first woman to head the PRI. Moreno made the following comments on her visit to Cuba during an airport news conference:

[Moreno recording in progress] "...reconfirm ties of deep friendship, identification of goals, economic sovereignty, well-being for our people, and cooperation between Cuba and Mexico."

Regarding the U.S. blockade, Moreno said:

"On several occasions and in writing, we have expressed that we firmly believe in the freedom and self-determination of the people and that each country is sovereign and should continue to be able to make decisions on issues which affect it. Therefore, we believe that any law or disposition coming from any country wanting to impose its decisions on another country is unacceptable."

As for the anti-Cuban Helms bill, Moreno ironically said:

"It is very characteristic of his initiatives. I think it is meddlesome and that it goes against the principles which we have in our countries regarding self-determination."

Moreno and the PRI delegation she heads will have a busy agenda in Cuba, with plans to return to Mexico on 20 May.

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Mexican Party Leader, Alarcon View Bilateral Relations

PA2005043595 Havana PRENSA LATINA in Spanish 0951 GMT 19 May 95

[By Angel E. Pino]

[FBIS Translated Text] Havana, 19 May (PL) — High-ranking Cuban and Mexican politicians highlighted here the excellent bilateral relations between their countries and the potential for increasing them through active exchange.

In statements to PRENSA LATINA, Maria de los Angeles Moreno, president of Mexico's Institutional Revolutionary Party (PRI), emphasized that relations are "splendid and can always improve."

"We have a very close relationship with the Cuban people and between our governments, parliaments, and governing parties," Moreno said after arriving here for a two-day visit.

For his part, Ricardo Alarcon, president of the National Assembly of the People's Government (parliament) of Cuba, said Cuban-Mexican relations have withstood the test of time and are closer than ever today.

He recalled that Mexico was the only country that refused to break ties with the island when the United States imposed its intentions through the OAS in the 1960's.

Alarcon, who is also a member of the Politburo of the Communist Party of Cuba (PCC), stressed that Mexico is one of the main participants in his country's economic opening process.

"There is a significant presence of Mexican capital here, one of the most important, and I am sure it will continue to increase," Alarcon said after a lengthy meeting with the visitor.

Asked about the significance of the visit by such a high-ranking Mexican politician at a time when Cuba is facing new and more dangerous threats from the United States, the president of the Cuban parliament observed that it confirmed the close ties that unite both countries and the PRI's solidarity and friendship.

"For us, it is very pleasant to receive such a clear confirmation of the unswerving friendship that has always united our countries," he stressed.

Moreno, the first woman to head the party that has governed Mexico for over 60 years, will remain in the country until next Saturday. She plans to hold several meetings with her PCC hosts and with government officials.

Mexico's PRI President Pleased With Results of Visit

PA2105171995 Havana PRENSA LATINA in Spanish 2344 GMT 20 May 95

[FBIS Translated Text] Havana, 20 May (PL) — Maria De Los Angeles Moreno, president of Mexico's ruling Revolutionary Institutional Party (PRI), today praised the changes taking place in the Cuban economy and the firmness of Cuba's leadership.

At a meeting with national and international journalists shortly before taking her plane back home, Moreno seemed very pleased with the results of her three-day visit to the island and the state of bilateral relations between Cuba and Mexico.

Moreno arrived in Havana last Thursday to participate in the official activities on the occassion of the 100th anniversary of Jose Marti's death and to meet with high-ranking party and government leaders.

The PRI president was welcomed warmly by local authorities, and her activities and statements of support and solidarity with the Cuban people were widely covered in the local news media.

Today at noon, President Fidel Castro paid a visit to the Mexican Embassy to bid farewell to the Mexican visitor. He conversed with her and the rest of the delegation for two hours in a warm and fraternal atmosphere.

"Commander Castro was very generous with his time. We had a broad discussion on various aspects of the situation [words indistinct], he made interesting remarks about the current international situation and sent fraternal greetings to Mexican President Ernesto Zedillo," Moreno said.

She described the visit as very encouraging, adding that it was a means of learning from the Cuban experience, in the political, social, and economic aspects, as well as its scientific developments, where Cuba has made significant achievements.

"I believe you are experiencing an openning and making interesting economic changes, with solid principles and a firm leadership," Moreno said.

She reiterated her party's support for the people and government of Cuba and emphatically rejected the U.S. economic blockade. At the same time, she described the Helms-Burton bill, currently been promoted in the U.S. Congress as "an act of interference that is totally unacceptable."

"We believe it is an absolutely inapropriate act of interference in the internal affairs of other countries," Moreno said stressing that her country will not endorse

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it in any way should it be eventually approved by the U.S. Congress.

Robaina Previews Visit to Russia, Arrives in Moscow

PA2105194595 Madrid EFE in Spanish 1704 GMT 21 May 95

[FBIS Translated Text] Kiev, 21 May — Cuban Foreign Minister Roberto Robaina arrived in Moscow today, coming from Kiev, in a tour to revive commercial ties with the former Soviet Union and start a new phase of relations with the country.

In statements given to EFE shortly before leaving the Ukrainian capital, Robaina said that what he wants to achieve with his visit to Moscow is "to learn about the Russian reality, which is quite complex and difficult, and for the Russians to learn about the Cuban reality, because I believe they lack information."

Robaina, who said he is "pleased" with his visit to Ukraine, is also scheduled to visit Minsk, the capital of Belarus, after a series of talks in Moscow.

The tour of Robaina, the highest-ranking Cuban official to visit the area since the USSR was dissolved in 1991, was termed by the Muscow newspaper NEZAVISIMAYA GAZETA as a "milestone" that will trigger an improvement in relations between Russia and Cuba "on a reformed basis devoid of ideologies."

Different from the situation that prevailed for 30 years, the new rapprochement between Havana and Moscow reflects "a healthy pragmatism," the newspaper stated.

The Kremlin has joined the international condemnation of the "Torricelli Law" in the United States, which intends to restrict other countries' trade with Cuba, and "also violates Russia's interests," according to NEZAVISIMAYA GAZETA.

During his five-day stay in Moscow, Robaina will meet with his counterpart, Andrey Kozyrev, and other members of the Russian Government; the presidents of both parliamentary chambers; Russian businessmen; and the Russian Orthodox Church leader, Patriarch Aleksey II.

The signing of a declaration of principles on mutual relations and another declaration on cooperation in the struggle against drug trafficking are expected, as a minimum.

Nevertheless, the main issue will likely be a more active bilateral trade — which has been reduced to a "single barter" of oil for sugar in recent years. There is already a pact to trade 3 million tonnes of oil for 1 million tonnes of sugar this year.

Neveretheless, the Russian media states that, despite the alleged use of world prices to calculate these relations, Russia receives the sugar with a discount of almost 15 percent compared to the international market prices.

Meanwhile, the Russian sugar refineries are fighting over the lucrative contracts to process Cuban sugar, compounded by the fact that the plants are paralyzed between sugar beet harvests.

In his statements to EFE, Robaina frankly admitted the crisis that currently prevails in Cuba when he commented: "The country is facing an extremely critical situation."

"A logical effort must be exerted, not only to maintain a harvest but to survive as a country," he said.

"We expect to recover our sugar production level" in Cuba but "we cannot think about competing" with Ukraine, a large-scale producer of sugar beet. "We must think of a way to produce."

Robaina's stay in Ukraine was marked by the country's gratitude to the Caribbean island, which has provided medical treatment and rehabilitation therapy to 13,000 children who have been the victims of the Chernobyl nuclear facility's accident in 1986.

Following Robaina's meetings in Kiev with Ukrainian President Leonid Kuchma, who praised "the Cuban economy's opportunity," agreements were signed to facilitate trips between the two countries and to guarantee bilateral investments.

Ukrainian Leaders Affirm Opposition to U.S. Embargo

PA2105013395 Havana PRENSA LATINA in Spanish 0001 GMT 21 May 95

[FBIS Translated Text] Kiev, 20 May (PL) — Ukrainian President Leonid Kuchma today made note of the high-level political relations with Cuba when receiving the foreign minister of the Caribbean island, Roberto Robaina, who is paying an official visit to this capital.

Kuchma reiterated his gratitude to the Cuban authorities for their unprecedented humanitarian gesture of providing treatment to children adversely affected by the Chernobyl nuclear accident, and he asked Robaina to convey a personal message of thanks to President Fidel Castro and the people of Cuba for their display of solidarity.

The Ukrainian president expressed his support for Cuba's struggle against the U.S. blockade and reaffirmed the sovereign right of each country to choose the political system it desires.

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During talks with the Cuban foreign minister, the Ukrainian leader welcomed the specific steps taken to reorganize and establish bilateral economic and trade cooperation under mutually beneficial conditions.

Robaina expressed the need to increase the current state of bilateral economic relations, which, according to him, have not kept pace with political relations.

The Cuban foreign minister also conveyed an invitation from Fidel Castro to the Ukrainian president to visit the island, which was kindly accepted by Kuchma.

Robaina also met today with his counterpart Hennadiy Udovenko, with whom he reviewed the mutual willingness to seek formulas to stimulate bilateral relations.

They exchanged information on the socioeconomic outlook in their respective countries and announced their willingness to increase cooperation in their activities within international organizations.

During a ceremony held at the Foreign Ministry in this capital, both foreign ministers signed an agreement facilitating reciprocal trips by citizens of both countries.

Likewise, Robaina signed a treaty on the joint protection of investments with Industry Minister Viktor Petrov and a document on aviation links between both countries with Deputy Transportation Minister Oleksandr Arteminko.

At a news conference, Robaina stated his satisfaction over the signing of the agreements and added that from now on the important part will be to implement them within the framework of the mutual goal of promoting ties.

He recalled that Ukraine turned out to be the first country of the former Soviet Union to establish relations with Cuba, and he noted, "today, we are reaping the fruits."

Meanwhile, he stressed the agreement between positions held by both countries and the working relations established with Udovenko in recent meetings at the United Nations, after emphasizing Kiev's position and determination to promote efforts to strengthen bilateral ties.

Udovenko confirmed that in meetings with U.S. officials he has stated his country's opposition to economic reprisals against Cuba (on the part of the United States), and he called for immediate steps to promote relations with Cuba.

On this occasion, it was announced that the Ukrainian minister of industry and co-president of the joint intergovernmental commission will soon travel to Cuba as the head of a delegation tasked with identifying areas with the greatest prospects for cooperation.

The head of Cuban diplomacy has begun a tour that will take him to Russia and Belarus, in addition to the Ukraine.

U.S. Legislator's 'Passionate Admiration' for Batista Noted

FL1805231195 Havana Radio Reloj Network in Spanish 1941 GMT 18 May 95

[Commentary by Nicanor Leon Cotallo]

[FBIS Translated Text] Lincoln Diaz-Balart, one of the main leaders of the extreme right in Miami who over the years has referred to what he calls the absence of democracy in Cuba, has just proclaimed his passionate admiration for Fulgencio Batista y Zaldivar on Miami television. Diaz-Balart has become one of the loudest enemies of the Cuban Revolution, which he accuses of systematically violating human rights and being devoid of democracy. Nevertheless, during his statement on Miami television Diaz-Balart professed his profound admiration for Fulgencio Batista y Zaldivar. Diaz-Balart said that as a child he had the opportunity to meet and speak with Batista, which he considered a formative experience at a time when presidents were democratically elected in Cuba. Lincoln Diaz-Balart, member of the U.S. House of Representatives, also said on Miami's channel 17 that he has the fondest memories of dictator Batista and admitted that his political ideals were in part influenced by Batista, under whose regime 20,000 people were assassinated and thousands more were tortured. If the issue could be debated with the Dade County representative, Diaz-Balart could allege that in those days a multiparty system, market economy, and a government — that of Batista — had Washington's support. Therefore, it is already known the model Diaz-Balart envisions, or at least does not dismiss, for what he calls post-Castro Cuba. Anyone who disagrees must consider who he deeply admires: Fulgencio Batista y Zaldivar.

U.S. Policy, Draft Legislation Criticized

FL1905222595

[FBIS Editorial Report] Following is a compilation of reportage and commentary on U.S. policy and draft legislation regarding Cuba monitored from Cuban domestic media.

Miami Factions 'Spewing Poison' — Havana Radio Rebelde Network in Spanish at 2300 GMT on 18 May carries the following commentary by Fernando Davalos — entitled "Crocodile Tears" — during the regularly scheduled "Exclusive" program:

"We were almost showered with the teardrops of those in Miami who bemoan the immigration accord that the

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Cuban and U.S. Governments reached a few days ago. They have exhausted themselves spewing poison about Clinton, have honked the horns of their luxury cars, and have tried to pretend that they number many when, in fact, they include no more than the small far-right pack that has been making quite a living not only off this hostility toward Cuba but also off the rafters. Those abroad have used the immigration issue as a tool to attack the Revolution without considering the anguish of the tens or even hundreds who have died at sea in an effort to reach that paradise, promised and touted by the very ones who are protesting today, the very ones who now shed crocodile tears over the fate of the rafters the United States has returned to Cuba. As if they had ever truly cared for the fate or demise of those poor people, who were encouraged to take to the sea by the harsh conditions stemming from the blockade and the carrot promised abroad. These small counterrevolutionary groups lack morals and support. This was borne out in a recent poll that shows that the majority of emigrants living in the United States support the normalization of migratory affairs between the two nations, primarily out of respect for human life and even out of economic convenience for the state of Florida, which does not want all those rafters. With their fake tears, the terrorist far-right now protests the fact that there will be no more violence or illegality at sea to attack the Revolution. They are fit to be tied because they know that normalizing migratory relations isolates them further and further from the true interests of the Cuban emigres and the U.S. people."

U.S. Legislator's Concept of Democracy 'Quite Unique' — Havana Tele Rebelde Network in Spanish at 1630 GMT on 19 May reports during the regularly scheduled afternoon "NTV" newscast:

"The U.S. position on Cuba toughened following the 1994 Republican election victory. Until then, their designs were thinly veiled as efforts to promote democracy in Cuba. However, the influence of the far right in the United States, which has gone has far as bombing a federal building, has made things clear in Miami. Take Lincoln Diaz-Balart, the Republican congressmen from Florida, who depicted himself as a champion of democracy. His interpretation of this concept turns out to be quite unique. He said in an interview with Florida's channel 13 that he has admired Fulgencio Batista as a true democrat since childhood, even though 20,000 people were murdered during the former dictator's last term. He learned to admire Batista through his father, a close friend of the tyrant. This is perhaps the reason for his close ties with Jorge Mas Canosa, who many compare with Batista due to the similarityof their efforts and methods. Diaz-Balart also showed inconsistency when after months of working to solve the plight of the rafters held at Guantanamo Naval Base, he was arrested outside the White House for protesting the 2 May migration accord which solved the problem. His true face is revealed through his support for the Helms-Burton bill, which seeks to recover U.S. properties nationalized by Cuba since 1959. Diaz-Balart wholeheartedly supports the bill, which counts many Batista supporters and all those who left Cuba in the last 36 years among it beneficiaries."

Secret Nature of U.S. Talks Defended — Havana Tele Rebelde Network in Spanish at 1630 GMT on 19 May carries the following report by correspondent Fritz Suarez Silva during the regularly scheduled "NTV" newscast:

"The U.S. House of Representatives Subcommittee on Western Hemisphere Affairs practically put Undersecretary of State Peter Tarnoff on trial for negotiating the new migration agreement with Cuba, which establishes the policy of immediately returning all Cubans who either arrive or are intercepted on the high seas in an attempt to enter the United States illegally. Tarnoff defended the agreement announced on 2 May that ended over three decades of special treatment for Cuban immigrants. Tarnoff also said that the Clinton administration would not change it's Cuba policy. Various U.S. congressmen — mostly Republicans — and some extreme right- wing Cuban Americans in Miami are saying that the U.S. Government has made a 180-degree turn on it's policy toward President Fidel Castro's government. Tarnoff denied that further negotiations are planned to discuss other issues and went on to say that the talks with Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government — the so-called secret talks — had to be carried out in such a manner to avoid a mass exodus of rafters that could have resulted if the fact that the such talks were underway had been divulged. Tarnoff said that the United States has no proof of reprisals against either the rafters in Guantanamo who voluntarily returned to Cuba in 1994 or the rafters who have been repatriated to Cuba by the U.S. Coast Guard, as it was also being said that the Cuban Government was taking retaliatory measures against those who were repatriated or returned. I repeat: Tarnoff said that the U.S. Government has no proof of such accusations. They also have the word of accredited U.S. diplomats at the U.S. Interests Section in Havana, who have done everything possible to facilitate repatriation of the Cuban rafters. Cuban Americans who oppose the new U.S. immigration policy regarding Cuba today announced plans to hold a demonstration at the White House to protest the decision made by the William Clin-

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ton administration on this negotiated agreement with the Cuban Government."

Roundup of Politburo Members' Activities

FL2005112795

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 19 May.

Juan Almeida Bosque has awarded the national vanguard banner to the Blas Roca Calderio contingent for their outstanding achievements. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 14 May 95)

Juan Almeida Bosque presided over the Isle of Youth ceremony marking the 40th anniversary of the release of Moncada barracks combatants from Modelo Prison on 15 May. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 May 95)

Pedro Ross Leal has chaired a meeting in Sancti Spiritus Province on preparations for the 17th Cuban Workers Federation (CTC) Congress, scheduled to take place within the first six months of 1996. (Havana Radio Reloj Network in Spanish 1946 GMT 15 May 95)

Pedro Ross Leal has met CTC leaders in Pinar del Rio Province, stressing the importance of the content of the call to the upcoming 17th CTC Congress issued on 1 May. Ross pointed out that it reflects issues that must be dealt with from now on and said that employment problems would be one of the key issues discussed. (Havana Radio Reloj Network in Spanish 1400 GMT 16 May 95)

Jose Ramon Balaguer met 50 accredited diplomats in Granma Province on 18 May. The diplomats were invited to the main ceremony at Dos Rios marking the 100th anniversary of Jose Marti's death. (Havana Radio Reloj Network in Spanish 1933 GMT 18 May 95)

Maria de los Angeles Garcia, Jose Ramon Balaguer, and Abel Prieto have attended the conference on Jose Marti and the challenges of the 21st Century, chaired by Culture Minister Armando Hart Davalos. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 17 May 95)

Yadira Garcia Vera has met Matanzas Province economists and accountants on inflation, improving sales and services, and efficiency. (Havana Radio Rebelde Network in Spanish 0900 GMT 16 May 95)

Carlos Rafael Rodriguez, who will turn 83 on 23 May, was honored by the people of Cienfuegos at the conclusion of a special session of the Municipal Assembly of the People's Government convened to honor Jose Marti on the centennial of his death. Highlights of Rodriguez's political career were recalled, a tribute was paid to the memory of Jose Marti, and the Helms-Burton bill was condemned. (Havana Radio Reloj Network in Spanish 1930 GMT 19 May 95)

Esteban Lazo has participated in the ceremony honoring Cuban firefighters which took place in Cotorro Municipality, Havana City. A new fire station was inaugurated, several firefighters received awards, and others were promoted. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 19 May 95)

Spanish Anticipating Cuban Economic Reform

95ES0247A Paris LE FIGARO (LE FIG-ECO SUPPLEMENT) in French 27 Apr 95 p xi

[Article by Ramon-Luis Acuna: "Spain Investing in Post-Castro Era"]

[FBIS Translated Text] Madrid—Spanish company heads—Cuba's largest Western partners—are acquiring a stake in the island.

Spain is Cuba's most important partner in the West and its third largest partner in the world, behind only Russia and China. With or without Franco, Spanish industrialists and businessmen have always had a soft spot for Havana. And this attitude has continued, even through the long sunset of the Fidel Castro regime.

Of course, these days their investments bring in only a pittance. Some are even losing money. But everyone hopes for better days ahead. They even talk of a big economic boom as soon as reforms now under way begin to take off, or—who knows?—once there is a change of regime. Here, everyone is getting ready for the post-Castro era, and for new investors from what all of Latin America used to call the "mother country." No one wants to be left behind.

Nearly 200 Spanish companies are currently doing business with Cuba. Most are small or medium-size enterprises focusing exclusively on trade with the "Pearl of the Antilles." These firms account for 20 percent of the membership of the Cuban Chamber of Commerce, and 20 percent of the joint-venture companies recently authorized. Most were already there before the USSR collapsed. They sell machine-tools, industrial products, and raw materials for heavy industry.

For years, Cuba allocated $8 billion a year for diverse imports, and the isle was the second largest Latin American buyer of Spanish products. After the dismantling of the Soviet bloc, Cuba dropped to eighth place, and in 1993 its purchases of Iberian goods were valued at only

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950 million French francs [Fr]. But the economy visibly rebounded last year. 1994 marked the turning point: In the first quarter, Cuba's imports of Spanish products increased almost 70 percent to about Fr900 million, while its exports to Spain—tobacco and seafood in particular—reached Fr220 million.

The steadily increasing resurgence of activity since then is partly due to steps taken by the Cuban Government, and above all to the new policy announced by the vice president for economic affairs, Carlos Lage. Concerning foreign capital, a structured plan was put in place to encourage implantation of non-Cuban companies and creation of joint-venture companies. "From now on, foreign partners in newly created enterprises will have the opportunity to become proprietors," he explained. And for the first time they will have access to important sectors, such as sugar, from which they used to be excluded. Direct Spanish investment amounts to only Fr250 million, out of total foreign investment of Fr1 billion per year. But overall Spain is still the fourth largest investor in the Cuban economy. Spanish investment is concentrated in the sectors of commerce and hotels and restaurants, but there is a developing trend toward diversification. Spanish multinationals such as Endesa [the Spanish power company] and Telefonica are already a presence on the Cuban market. The former is interested in acquiring thermal generating plants, the latter in telecommunications management.

But Spain is not alone—far from it. Mexico is very active in telecommunications and cement. Oil is also a drawing card, not only for Mexico (Mexpetrol refining company) but also for Canada (Northwest Energy), the United Kingdom (Simon Robertson), and France, whose Total company in 1990 signed the first contract after the sector was opened up to foreigners.

Influential Partner

But it is Spain's position that carries the most weight in Cuba. For Spain is not content just to encourage Cuban reforms—it is also lending a hand. A team of Spanish experts headed by former finance minister Carlos Solchaga has just returned from its third trip to Havana bringing technical assistance to strengthen the regime's timid reforms—which to date are limited to authorization of dollar-denominated commerce, issuance of licenses to 160,000 independent workers, and conversion of state farms to cooperatives.

Solchaga, who during his recent visit held talks with Castro and the influential Carlos Lage, recommended a great leap forward in reform programs. He urged ambitious measures, from closing down most money-losing state enterprises to freedom of employment and creation of companies, not to mention a draconian reduction of aid to "lame ducks." He also suggested passing new legislation—more flexible than the 1993 law—to attract foreign investors. It remains to be seen whether his advice will be heeded.

Roundup of Economic Developments

FL2005113695

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 19 May.

A recovery program is underway on the Isle of Youth to improve the yield of plantain crops that were in need of care, cleaning, and irrigation. The goal was to produce 24,500 quintales of plantains during the first four months of 1995; however, there was a supply deficit because only 18,575 quintales were harvested. (Havana Radio Rebelde Network in Spanish 0900 GMT 12 May 95)

Sol Palmera Hotel, in Matanzas Province, the first joint Cuban- Spanish enterprise in the tourism sector, was inaugurated in 1990 and had earnings exceeding $71 million up until April 1995, with a net profit of approximately $42 million — 70 percent being the Cuban share. The investment cost of approximately $23 million was completely recovered before the hotel's fourth anniversary, as predicted during the inauguration. (Havana Tele Rebelde and Cuba Vision Network in Spanish 0000 GMT 14 May 95)

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U.S., Canadian Investors Interested in Energy Sector

PA2205000995 Mexico City NOTIMEX in Spanish 2041 GMT 18 May 95

[FBIS Translated Text] Mexico City, 18 May (NOTIMEX) — Mexican Energy Secretary Ignacio Pichardo has asserted that foreign investors are confident Mexico will be able to recover from the crisis and, in turn, are looking for opportunities to invest in long-term energy projects in the country.

At a news conference in which he evaluated his working tour of Canada and the United States, the official said businessmen in both countries expressed a desire to invest in infrastructure projects in Mexico. Based on estimates, the energy secretary predicted that some $5 billion worth of investments will enter the country within the next five years.

Pichardo added that foreign investors also have confidence in the way Mexico is managing its policies and institutions. He said, "The entire world knows about Mexico's situation and understands it is undergoing a recovery process that requires great adjustments and changes."

According to the secretary, no investments were secured during the trip, but a number of projects were discussed. He added that specific investments in gas and petrochemical byproducts could be announced later this year.

While outlining the most striking aspects of his visit to Canada, Pichardo noted that an agreement was reached for a group of businessmen from British Columbia to visit Mexico in October to identify investment possibilities. Likewise, he added, a mission of businessmen from Alberta will arrive in Mexico on Thursday to identify investment areas in which they can start working within a reasonable amount of time.

The secretary also said working relations were established between the Mexican Energy Regulating Commission and the Canadian National Energy Council, adding that these working relations will enable the two bodies to exchange official information on energy-related operations in each country.

Meanwhile in the United States, and within the framework of the Mexican-U.S. Binational Commission meeting, it was agreed to establish the 14th working group in the area of energy. A U.S. commercial development mission in the energy sector will come to Mexico in June. It will be headed by U.S. Energy Under Secretary William White, and its objective is to identify and take advantage of investment and cooperation opportunities, Pichardo indicated.

He added that in the future the two sides will sign a Mexico-U.S. bilateral agreement to allow the energy secretariats of both nations to establish a mechanism with which to organize and support contacts and cooperation in the sector. He noted that meetings between the officials of the Mexican Energy Regulating Commission and the U.S. Federal Energy Regulating Council will be held in the near future.

During the news conference, the official denied that the conflict in Chiapas has discouraged investments in Mexico's energy sector. "They (the investors) did not mention the Chiapas issue, and this shows that the government's actions in relation to this conflict are on the right track," he said.

Canadian Firms Invest $1 Billion in Telecommunications

PA2105024095 Mexico City EL FINANCIERO in Spanish 17 May 95 p 17

[Report by Gabriela Aguilar]

[FBIS Translated Text] Despite the economic crisis in Mexico, Canadian business is still interested in investing in the country. Canadian Ambassador David Winfield said this is the reason Canadian business executives continue to seek opportunities in various areas to invest their funds.

Winfield said Canadian investment outlooks are positive. He added that exports from his country to Mexico have increased by 25 percent and Mexican exports to Canada have increased by 37 percent in just the first two months of 1995.

The official pointed out that Mexican purchases of Canadian goods have risen from $300 million to $500 million in four years, while Canadian purchases of Mexican goods have surpassed the $4 billion mark.

Winfield noted that, because of the crisis, Canadian exports to Mexico may not continue at the strong 25 percent growth rate they registered in the first quarter. The ambassador believes exports could drop to a growth rate of between 10 percent and 15 percent.

The diplomat reaffirmed that Canadian businesses are maintaining a great deal of interest in expanding their participation within the Mexican market in sectors such as the auto industry, tourism, agro-industry, and transportation.

He underscored several significant investment agreements have been signed just this year in areas such as lumber and industry in Durango and Nuevo Leon. "Canadian investors," he noted, "see long-term opportunities in Mexico."

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Great Interest in Telecommunications

Winfield said that one sector that has attracted Canadian attention is telecommunications. This is a field in which Canada has always spearheaded. It is a world leader in the research, development, and application of new technology.

The ambassador highlighted his country's progress in the telecommunications industry, during the Telecommunications Canada 95 exhibition and conference. Attending the event are 14 telecommunications companies interested in increasing their presence in Mexico or seeking partnerships with Mexican firms.

He stated: "The Canadian telecommunications industry is one of the main players in the country's economy. The information superhighway could not exist without a modern telecommunications network."

He also underscored Mexico's efforts to confront international telecommunications competition, which is creating opportunities for strategic alliances for Canadian and other foreign companies to develop commercial partnerships in Mexico and abroad.

Canada has invested more than $1 billion in the Mexican telecommunications sector through companies such as Northern Telecom, SR Telecom, Spar Aerospace, Newbridge Networks, Harris Farignon Canada, Tecsys Inc., QC Data, and Glenayre.

Winfield reported, "Canadian telecommunications companies are developing innovative technological products, which can be made available through distribution or dealership agreements, manufacturing licenses, or technological exchanges."

The companies participating in Telecommunications Canada 95 are Bayly Communications, Constream Canada Inc., Consultronics Ltd., Daniels Electronics Ltd., GN Navtel Inc. Groupe Cerveau Inc. Lenbrook Energy Systems, MPR Teltech Ltd., Novatel Communications Ltd., Perticom Inc., Quebectel International, SR Telecom Inc., TMI Communications, and TX Communications Canada Inc.

Agreement With Moldova Initiates Diplomatic Relations

PA1905142595 Mexico City NOTIMEX in Spanish 2355 GMT 18 May 95

[FBIS Translated Text] Mexico City, 18 May (NOTIMEX) — Today Mexico and the Republic of Moldova signed an agreement on cultural and educational cooperation. In doing so, Mexico initiated diplomatic relations with this former member of the USSR.

Alexandro Burian, the Moldovian deputy minister of foreign relations, announced that Ukraine is also interested in opening diplomatic relations with Mexico.

The deputy minister, who is on official visit to Mexico, affirmed that this country holds a prominent place within the Latin American region because of its economic significance as part of NAFTA.

Referring to the economic crisis that Mexico has faced since December of last year, Burian said that those problems are similar to those of other countries of the world. He trusts Mexico will soon overcome the situation.

He explained that his country holds commercial relations with 140 countries and diplomatic relations with 100. He added that Moldova maintains relations of both types with eight Latin American nations.

During his stay in Mexico, Burian will meet with Juan Rebolledo, the deputy secretary of foreign relations for bilateral affairs, with whom he will discuss bilateral relations, as well as cooperation and exchange projects.

He will also meet with Raul Ramos Tercero, the deputy secretary of industry of the Commerce Secretariat, and Luis Llorens Baez, the deputy secretary of higher education. In addition, he will meet with officials from the National Foreign Trade Bank of Mexico.

SHCP Report: More Than 436,000 Jobs Lost in First Quarter

PA2105222595 Mexico City LA JORNADA in Spanish 17 May 95 pp 1, 48

[Report by Mireya Cuellar]

[FBIS Translated Text] A Finance and Public Credit Secretariat [SHCP] report sent to Congress regarding the economic situation of the nation shows that an average of 4,846.5 heads of household lost their jobs each day during the first quarter. Likewise, the report notes that in the past three months 436,191 jobs have been lost since December 1994.

Of that number, 276,894 jobs belonged to full-time insured workers, while the remaining 159,297 jobs belonged to part-time insured workers. This means that 58.15 percent of all jobs the SHCP had predicted would be lost in all of 1995 were lost in the first quarter. On 10 March, the SHCP forecast 750,000 jobs would be lost in 1995, but the overall number of jobs lost in January, February, and March point to a different reality.

The total number of workers insured by the Mexican Social Security Institute (IMSS) at the end of March was 9,700,491 workers. In December, the number was

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10,136,682. The SHCP based the number of jobs lost on these figures.

The SHCP report points out that because of difficulties faced by the Mexican economy, the number of jobs nationwide began to diminish starting in December 1994. The report says results of a National Survey on Urban Employment, containing data from 39 cities throughout the country, indicate an increase in the official unemployment rate from an average 3.7 percent in the fourth quarter of 1994, to 4.3 percent in January, and to 5.3 percent in February. The official February unemployment rate of 5.3 percent is the highest rate recorded within the past two years.

The SHCP report was sent to Congress at midnight Monday. The SHCP released only a summary of the report Monday night.

The report also shows that the goods comprising the basic family basket reached an average 97.73 percent in the first quarter of 1995. The reports says the adjustment in relative prices has caused a "reorganization within the production and trade sectors," which is reflected in a decline in the supply index. Nevertheless, "current supply levels are considered to be satisfactory."

According to a comparative chart included in the report, a 97 percent supply index, such as reported in February 1995, has not been recorded since January 1993.

The report indicates that the variation in the supply index is due to "an adjustment in relative prices" — a variation several deputies from the Finance Commission believe resulted from the hoarding of products by businessmen before expected increases in prices.

Therefore, while the overall inflation rate was 14.5 percent in the first quarter, the price index of goods included in the basic family basket increased 18.7 percent in the same period — an increase that is 16 percent higher than the one registered in the first quarter of 1994.

On the other hand, goods not included in the basic family basket as of March showed an accumulated increase of 11.9 percent — an increase that is 10.6 percent greater than the one registered in the first quarter of 1994.

In the first quarter of 1995, all eight categories that make up the Consumer Price Index showed increases exceeding those reported in the same period a year earlier. The sharpest price increases occurred in the transportation sector (23.3 percent); furniture and household goods (18.4 percent); health and personal care (15.2 percent); and food, drinks, and tobacco (15.1 percent).

The document entitled "Report on the Economic Situation, Public Finances, and Public Debt," which the executive branch sends to Congress through the SHCP every quarter, contains a wide range of information on the country's economy. Much of the information contained in this quarter's report, particularly the information regarding public finances and debt, was already known because one of the conditions the United States imposed on Mexico for U.S. approval of the aid package was that the Mexican Government constantly issue reports on how the national economy is progressing.

SHCP Approves Issuance of Retirement Funds in UDI's

PA2205032095 Mexico City EL FINANCIERO in Spanish 19 May 95 p 4

[Report by Alicia Salgado and Victor Gonzalez]

[FBIS Translated Text] Procesar [expansion unknown] Chairman Adolfo Lagos Espinosa has reported that more than 13.5 billion new pesos from an account in the Retirement Savings System (SAR) will be released in the second half of 1996 to be managed by retirement associations linked to financial organizations.

Procesar was created by the Mexican Association of Bankers [ABM] to oversee SAR's data base and its catalog of "individual accounts for more than 19 million workers" considered "active" in the retirement system.

Moreover, Antonio Sanchez Gochicoa, chairman of the Programming and Budget Committee in the Chamber of Deputies, said Finance and Public Credit Secretariat [SHCP] authorities have agreed that SAR retirement account funds — totaling 13.1684 billion new pesos as of 31 March — be issued in Investment Units (UDI's).

Regarding this, Lagos Espinosa, assistant director of Bancomer's [Foreign Trade Bank] Consumer Banking Division, explained to EL FINANCIERO that retirement account funds currently have a 4.7 percent growth rate, which "has prevented a decline in profits because of an increase in post-revaluation inflation."

He noted that an agreement was reached with Consar [National Commission of the Retirement Savings System] officials to enable the enterprise created by the banks to conduct a purge of more than 34 million accounts managed by the banking system. It is believed that approximately 61 percent of them are "active" accounts and the rest are inactive, either because workers changed jobs or because they have held more than one job since SAR was created in mid-1992. Regarding the management of SAR funds by private entities (the funds are currently deposited by the companies and then transferred by the banks to the Federal Treasury's SAR

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account, where the balance is converted into government securities), this will be possible once the workers cooperate in the unification of accounts beginning in October.

This will occur after each worker is given his individual SAR account number in August. In turn, if a worker has funds in one or more banks from previous jobs or from a second job, this money will be collected in the bank that manages the largest account.

Lagos Espinosa added that modifications to current SAR laws are expected once the process concludes, more or less by year's end. In turn, investment companies will be able to operate with institutional pension funds, and, beginning in the first quarter of 1996, they can start to offer profits or added-value incentives to workers who decide to transfer their SAR accounts into these institutions.

Referring to this, Silvia Nunez, a researcher from the National Autonomous University of Mexico's [UNAM] Research Center and the University of Texas, addressed yesterday's North American Political Systems Seminar at UNAM. She said the privatization of Mexico's retirement system might be patterned after the Chilean or Italian model. Elaine Levine, of the Economic Research Institute, said the banks' participation in the SAR has been unsuccessful because of current controls that they guarantee employers pay their quotas. "The banks spend more tracking the funds than trying to obtain better returns."

Referring to this, Lagos Espinosa said Banamex [National Bank of Mexico], Bancomer, and Serfin — banking institutions that manage approximately 90 percent of all SAR resources and, therefore, serve as the main contributors of the N$15 billion used as capital to create Procesar — have achieved progress in purging SAR accounts for their ultimate withdrawal. The bulk of this money "actually comprises a long-term fund for real interest that is only turned over to a worker once he retires, or under very special conditions, such as a physical disability." Therefore, he does not think it is unrealistic for the account to first receive funds transferred from the IMSS [Mexican Social Security Institute] retirement system. The brokerage house will manage these funds next year, through investment firms specializing in pensions, "with very strict rules regarding risks and limitations."

Meanwhile, Deputy Sanchez Gochicoa said the SHCP will authorize the National Savings Board (Panhal) to issue UDI's to encourage people to open savings accounts. He said the authorization is ready, but specific mechanisms are still being improved. The same holds true for the way in which UDI's will be issued for the SAR retirement account to maintain interest rates and prevent the funds from being undermined by inflation.

In another report, Gerardo Coindreau, corporate credit director for the Serfin Financial Group, said the restructuring of 8.637 billion new pesos worth of company loans under the UDI system began this week.

In a press release, Coindreau stressed that the agreement to restructure the mortgage loans of banks for 32.4 billion new pesos in UDI's will be signed next week. Serfin will receive 3.5 billion new pesos of the 32.4 billion new pesos to improve the cash flows of affected debtors.

Economic Pressures on Workers Discussed

95CA0228A Mexico City PROCESO in Spanish
1 May 95 No 965, pp 16, 19, 21

[Article by Salvador Corro and Alvaro Delgado: "The Country Is Growing Furious"]

[FBIS Translated Text] Mounting unemployment, the plunge in purchasing power, and chaos in price setting, which is causing inflation to skyrocket, have all gotten worse since December and have workers so angry that their leaders, especially the ones in the Labor Congress (CT), can no longer hide it.

And although they cited a wide variety of pretexts to justify the cancellation of the official parade this Monday, May Day, the fact is that union leaders feared that they would be unable to control their workers' protests.

When Fidel Velazquez proposed canceling it, he told the leaders of the other unions making up the CT: "The rank and file could get out of our control, and that could lead to a serious situation. I would like to know whether any of you can assure me that you are fully able to guarantee that your rank and file will not get out of your control, that neither problems nor violence will develop." No one answered.

The president of the Labor Congress, Rafael Rivapalacio Pontones, told this reporter: "There is widespread disaffection, and not just among workers. There is discontent throughout society over the situation we are in. The reason is that the government had to take measures that have hurt, that have caused discontent among the population. But these measures had to be applied, no doubt because the support that the peso needed was not there since the great majority of the capital was speculative, and our reserves ran out when capital left en masse in December. Now everything is going up all the time."

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Fidel Velazquez, the leader of the CTM [Confederation of Mexican Workers], was explicit in describing the situation of the workers to the secretary of labor, Santiago Onate, and the secretary of commerce, Herminio Blanco. On 25 April he advised them:

"We are really asking you to help us, because the constant rise in prices is exhausting the patience of the consumers who are making the minimum wage. We have received pleas from certain colleagues who want to hold up stores to supply themselves with goods. We are not going to allow that, just as we will not allow abuses by merchants."

Whereas the leaders of the official unions are merely annoyed, the representatives of the independent unions are feeling "rage, which could translate into social explosions" or cause "different degrees of radicalism among the workers, one of which could be what was manifested in Chiapas," cautioned Bertha Lujan from the Authentic Labor Front (FAT).

The Unemployed: Either Guerrillas or Criminals

Elected president of the CT for a third time on Tuesday, 25 April, architect Rafael Rivapalacio Pontones explains that "the situation is very difficult for the workers because jobs are disappearing and there is no buying power, inasmuch as inflation is far above what was predicted, which is depressing the market."

The minimum wage, he explains, has been left far behind: "Right now it is merely a way of fining those who pay less, but not of making sure that a worker has a decent life. There are many workers who will no longer agree to work for anything less than two minimum wages."

"The situation in the country is turning into a vicious circle. As the buying power of the workers declines, sales drop, and this has repercussions on industries because they have to produce less and, therefore, must cut their personnel," explains the man who is also leader of the Infonavit [Institute of the National Fund for Workers Housing] union.

"The crisis has hit so hard that many people have had to adapt their living habits to their income. For example, with the rise in gasoline prices many no longer drive their cars or only do so from time to time. The workers who earn the least have also modified their diets, because their wages are not enough to make ends meet for a family of six. In addition, more members of the family have to work, by and large in jobs that are not productive."

He estimates that a worker would have to earn three times the minimum wage right now to support his family. "The situation among the workers is very difficult, but they cannot be said to have already gotten out of their leaders' control. We have prevented that because we are in touch with them, to tell them that there are other alternatives. If we manage to get through the next three months, we may be in a much different position than at present."

"Didn't you cancel the May Day parade out of fear?"

"It was actually an agreement to commemorate May Day another way. The parade is expensive, and we did not think it would be a good idea to hold it right now."

"It was said that you did not march because you were afraid of discontent among the workers."

"I would stress that the discontent is widespread. We are going through a very difficult situation, not just the workers but also the peasants, the low-income classes, everybody."

"Could the unemployed, the people who do not earn the minimum wage, copy the Chiapas Indians who opted for weapons or could they wind up as criminals?"

"Yes, there is that risk, but let us hope that it does not happen, because that would put us in a situation that would be even more difficult than the one now. A person who does not have a job, who cannot afford to bring food home, is capable of anything, crime or another sort of illegal plan. And of course nothing of the sort is to be recommended."

Rafael Rivapalacio Pontones says that during his term as CT leader he will try to conduct a campaign to bring more workers into the union or to create new unions.

He explains: "We really have neglected this. We have only seen to the affairs of each organization, but we have left unionization of the workers aside."

Anger and Anguish: FAT

Bertha Lujan, leader of the FAT, feels that the first five months of Ernesto Zedillo's government represent a continuation of the economic model that has been applied in Mexico since 1982, although the crisis that year cannot be compared to the magnitude of today's.

She asserts that during these 14 years labor policy has been subordinated to economic policy, and job and wage needs have not been met, which is leading to despair among millions of workers. "And in this regard the government must gauge the extent of its actions: Anger could translate into social explosions. If this government continues along the same road, it could prompt different degrees of radicalism; one of them has already manifested itself in Chiapas."

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She explains that "radical movements are not just the consequence of a process of ideologization but also of discontent without channels, disaffection without response. The workers' patience has already run out."

She acknowledges, however, that this fact could manifest itself in various ways: "There is a sector that is anguished, fearful, afraid of mobilizing and expressing its discontent and that wants to find individual mechanisms. In turn, the people with jobs are taking a conservative position because they do not want to lose them."

Lujan estimates that so far in this government's term the buying power of wages has dropped by more than 20 percent, and the hardest hit have been the workers whose contracts were revised before December 1994, when this crisis was not foreseen.

Pedro Castillo, the secretary general of the Mexican Trade Union of Electricians (SME), a member of the CT and of the Federation of Unions for Goods and Services Enterprises (Fesebes), feels that given the discontent among the workers it was a mistake to call off the official parade.

Interviewed immediately after Fidel Velazquez announced the suspension of the worker march, he said that even if May Day were to be commemorated another way, it would mean turning "one's back on the workers' demands."

He insisted that the president of the republic would lose an opportunity to hear the workers' complaints live and in person: "We have to face facts and confront problems."

As members of the CT, SME workers will attend the ceremony to be held this Monday, 1 May in the Railway Theater, which will be presided over by President Zedillo; they will also take part in the rally that Fesebes has organized, and will reportedly later march to the Zocalo with the independent unions.

The Reason for People's Anger

In mid-March, at a meeting with employers in Aguascalientes, Labor Secretary Santiago Onate admitted that around 750,000 jobs would be lost during the year as a result of the current economic program. For the time being, President Zedillo will be unable to keep his campaign promise of creating a million new jobs a year.

In January 1995, according to INEGI [National Institute of Statistics and Information Science], unemployment stood at 4.5 percent of the labor force. In February it rose to 5.3 percent. Hardest hit have been Coatzacoalcos, Chihuahua, Matamoros, Guadalajara, Monterrey, and Veracruz. The country's capital has the highest unemployment rate, 4.6 percent, according to data from the Secretariat of Economic Development of the Federal District Department.

In the banking sector payrolls were cut 25 percent in 70 days. For example, the Internacional, Atlantico, Banorie, Bancen, and Promex banks have laid off some 2,500 workers. Banamex began letting go 3,000 in March.

In Pemex, director Adrian Lajous Vargas admitted that close to 9,000 workers could be left without jobs when the petrochemical industry is split off. In April there was talk of dismissing at least 31,000 unionized workers and staff personnel in the drilling and petrochemical areas.

In the face of rising unemployment, the employees of the airline industry (pilots, flight attendants, and ground personnel), grouped together in different unions, established a defensive front. For the time being they have managed to reduce the layoffs of flight attendants from 250 to 150.

According to the chairman of the Business Coordinating Council, Luis German Carcoba, 250,000 workers were laid off in January and February as a result of the economic crisis.

Fidel Velazquez said for his part in late February that 1,200 businesses would close this year, leading to unemployment for 1 million workers, who will join the 7 million who are already without jobs. According to these data, he stressed, one-fourth of the work force is unemployed.

Recently elected secretary general of the Trade Unions Federation of Government Workers (FSTSE), Hector Valdes Romo reported that one of his main objectives would be to prevent the dismissal of bureaucrats, a threat that has been hanging over the heads of employees in the secretariats of tourism, agrarian reform, the comptrollership of the federation, and energy and mines, which reportedly could disappear.

The automotive industry is operating today amid technical work stoppages and layoffs. Not all shifts are being worked at General Motors and Volkswagen, which means that workers are receiving only half of their wages.

The disaffection of wage earners can already be seen in the labor courts. In January and February of this year, the Federal Conciliation and Arbitration Board received 8,357 individual complaints, most of them from workers who had lost their jobs and were filing suit to be reinstated or to receive just severance pay. This is 2,280 complaints more than in the same period last year.

Also, according to information from the CTM, 122,000 workers stopped paying contributions to the IMSS

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[Mexican Social Security Institute] during those two months.

Low But Safe Wages

Bank employees are beset by job insecurity, and as a result of taxes and deductions for credits their wages have declined significantly. On Thursday the 27th they staged a protest demonstration in Mexico City. According to the leader of the bank workers union, Enrique Aguilar Borrego, he decided to head up the movement out of fear that the angry workers would get out of control.

Officially, 1.3 million workers receive the minimum wage, which currently stands at 18.3 pesos a day after the hike that was authorized to take effect on 1 April. Asked whether this amount meets the requirement that the minimum wage must satisfy the workers' basic needs, the chairman of the National Commission on Minimum Wages, Basilio Gonzalez, replied that "it is preferable for a worker to have a job and earn a given wage rather than not have a job."

The director of the Economics Department at the National Autonomous University of Mexico, Juan Pablo Arroyo, explains that the standard of living has been falling steadily since 1981. That year the per capita Gross Domestic Product was $4,332; by 1994 it had dropped to $1,822, and this year, as a result of the devaluation and the crisis, it will be just $980, 23 percent of the 1981 level.

He adds: "1981 seems like a dream that will not return for many more generations."

Although the CTM decided to call off the worker parade, it did not fail to acknowledge the situation that the workers are going through, indicating in a manifesto:

"To the workers, whether unionized or not, the present and the future look critical. After 16 years of systematic declines in wages that cut our buying power by two-thirds in the case of the minimum wage, and just when in 1993 and even in 1994 we glimpsed a small but certain and firm recovery in wages, with the current crisis they want to force us to make new sacrifices and to continue putting off the long-standing demands of a worthwhile wage and access to economic and social benefits that will enable us to live decent, proper lives."

Labor Affiliation Decline Estimated

95CA0228B Mexico City REFORMA in Spanish 22 Mar 95 p 3A

[Article by Rosa Maria Mendez: "Million and a Half No Longer Unionized"]

[FBIS Translated Text] Over the past 10 years around 1 and 1/2 million workers have left the nation's unions.

The reasons cited are economic crises, the new "forms of direct negotiation between workers and employers," and of course, unemployment, the International Labor Organization (ILO) and experts on the national labor movement have reported.

Raul Trejo Delarbe, a researcher and author of the book "El sindicalismo ante el TLC" ["Unionism in the Face of the FTA [expansion not given]"], and Oscar Alzaga, a labor attorney and member of the National Center of Social Promotion, report that in cities like Monterrey and Guadalajara a new form of labor relations between the workers and management has been developing for about five years now: direct relations without labor leaders as intermediaries.

According to studies conducted on the basis of information compiled by the ILO, OCDE [Organization for Cooperation and Economic Development], and other international organizations, the researcher said that between 1980 and 1994 the bureaucracy has lost an average of 600,000 unionized workers.

From 1989 to 1993 Pemex dismissed 140,000 unionized workers and left as many posts vacant in the union.

As an example of the decline in organized labor in recent years, Alzaga indicated that in 1982 there was an average of 32,000 unionized workers in Ciudad Sahagun, whereas after the enterprises DINA [National Diesel] and Sidena [National Iron and Steel Company] were privatized and Concarril and Bombardier formed a partnership, the number dropped to just 4,500.

Nonetheless, Alzaga said, the number of unionized workers grew in four main sectors, the assembly-plant industry, tourism, the automotive industry, and telecommunications.

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"But this growth was insignificant, as there are only about 300,000 unionized workers, since only 25 percent of the workers in the assembly-plant industry belong to unions," he explained.

The ILO says that there were about 7 million unionized workers in the country in 1991, 22.3 percent of the entire work force.

About 1.3 million belonged to the Confederation of Mexican Workers, some 400,000 to the COR [Revolutionary Labor Confederation], some 200,000 to the COR [as published], 1.2 million to the Trade Unions Federation of Government Workers, and about 100,000 to the Federation of Unions for Goods and Services Enterprises; about 400,000 workers are affiliated with minor unions such as railway workers, metalworkers, and social security.

The National Federation of Independent Trade Unions and the Federation of Autonomous Trade Unions, whose hallmark is that they do not belong either to PRI [Institutional Revolutionary Party] or the Labor Congress, have about 250,000 members.

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El Salvador

Calderon: VAT Increase Needed To Finance Peace Process

PA2105171795 San Salvador Radio Cadena YSU in Spanish 1230 GMT 20 May 95

[Report by Balmore Parada, from the "YSU Radio News" newscast]

[FBIS Translated Text] The government will stick to its plan to increase the VAT [Value Added Tax] by 4 percent due to the state's financial needs, President Armando Calderon Sol has confirmed. Despite the fact that the private sector has said that the VAT rate should not exceed 12 percent, the president maintains that it is vital for the government to collect the necessary funds to finance the peace process.

[Begin President Calderon Sol recording] The Executive Branch has made a proposal and from a technical viewpoint, this is exactlly what the state needs. The president is defending this position because to sustain a healthy fiscal budget and a sound economy, the Salvadoran state needs these funds obtained from [one-second break in reception] the deputies. We respect the deputies, whether they belong to our party or not, because they are part of another government branch, which is a deliberative branch and is autonomous from the executive branch. I believe we are currently setting a democratic example in this country. What happened in El Salvador is that we have not had, in our entire history, a true pluralistic and representative democracy as the one we have in the new country we are building together.

Now, we face positions or situations that are different from those of the past. I am the democratic and modern president of this new country, and I was elected by a majority. I am not a president of the past. I am not the president who relishes anachronistic practices or a presidential government, and in this regard, I can assure you that I feel quite honored and pleased with this extraordinary debate and this consolidation of the democratic process we are currently experiencing in this country. I believe we are all maturing. [end recording]

The Legislative Assembly postponed the debates on the VAT increase until next Monday. The parliamentarian faction of the Nationalist Republican Alliance [Arena], which needs 43 votes to be able to pass the measure, had secured, until Friday, the support of 41 deputies: all 39 Arena deputies and two independent deputies. However, the political opposition within congress remained firm in its decision to reject the VAT increase.

Central Bank Explains VAT Increase

PA1905211495 San Salvador EL DIARIO DE HOY in Spanish 18 May 95 p 14

[FBIS Translated Text]

VAT INCREASE DOES NOT GENERATE INFLATION

One of the main objectives of the government's policy is to consolidate economic stability. To do so it must maintain a balanced budget, without a deficit.

Given the increasing expense and investment needs the government now faces, the only way of balancing the public finances is to increase the VAT. It is the tax that creates the least distortion to the economy.

The proposed VAT increase is the result of a healthy fiscal policy and its increase will not cause more inflation. What it will cause is a onetime price increase. Prices will then stabilize, contrary to an inflationary process, which is a general and continued rise in prices.

The fiscal deficit created by an irresponsible government that spends much more than what it receives, does create an inflationary process.

According to the law, certain articles belonging to the family basket, such as cereals (beans, white corn, and rice), fruits, vegetables, and medicine, are exempt from the VAT.

THE NEED FOR INCREASED GOVERNMENT INVESTMENT REQUIRES MORE FUNDS

The objective of the proposed fiscal policy reforms is to provide the government with the financial capability to face the increasing expenses and investments related to the Peace Agreements, the reconstruction of infrastructure damaged during the conflict, investment in human resources, public security, and means of improving the economy's competitiveness.

It is urgent to implement investment incentives in the field of ecology, to compensate for the reduction in foreign aid, and to eliminate inefficient taxing. This has led the government to combine several proposals in order to obtain the funds it needs to meet these financial objectives, thus creating the conditions for continued growth in a stable environment.

URGENT NEED TO COVER PEACE AGREEMENT COSTS

The government has made an effort to cover 7.627 billion colones of the total 12.172 billion colones of the Peace Agreements, while the international community has provided 4.53 billion colones. There is still 1.2

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billion colones pending financing most of which will have to be covered during 1995.

The proposed fiscal measures will allow the government to finance these expenses responsibly — without incurring in further debts — which would only increase the debt burden and, therefore, further limit the government's investment capability.

By failing to cover the financial gap appropriately, we would be turning to the worst and most unfair of taxes: inflation.

The benefits stemming from the Peace Agreements reach all Salvadorans. Hence, we must all contribute to ensure they are adequately financed.

CURRENT INCOME (PERCENT OF GDP) OF SEVERAL LATIN AMERICAN COUNTRIES FOR 1993

ARGENTINA	17.7
COSTA RICA	15.5
CHILE	26.7
EL SALVADOR	10.1
GUATEMALA	9.0
HONDURAS	17.4
MEXICO	16.6
NICARAGUA	19.6
PANAMA	20.5
PERU	10.1

Source: Inter-American Development Bank (IDB)

ECONOMIC INDICATORS

The central government's consolidated deficit has dropped from 1.641 billion colones in 1992 to 521 million colones in 1994. This demonstrates the government's responsibility in maintaining economic stability.

Tax collection had improved significantly, as the VAT tax collection figures indicate. In 1994, collection reached 3.238 billion colones.

Tax income has increased significantly from 4.805 billion colones in 1992 to 7,705 billion in 1994. [The last three paragraphs are accompanied by bar graphs which are available by fax upon request]

Figures provided by the Central Bank of El Salvador. Working together for the country's progress.

Various Sectors Voice Opposition to VAT Hike

PA2005224795 San Salvador DIARIO DE HOY in Spanish 16 May 95 p 21

[FBIS Translated Text] Various economic sectors yesterday expressed opposition to the increase in the VAT [value-added tax], labeling it unnecessary and a likely cause of a dangerous drop in trade and commercial activities.

Two public sector unions called protest marches, thereby joining the nation's business associations in opposing the measure.

FENAPES [National Federation of Salvadoran Small Businesses]: Production Costs Will Rise

FENAPES rejected the proposed VAT increase because it will increase production costs.

Representatives of this union denounced the fact that the government did not present a draft to the nation, and they criticized the constant changes in government policies. This generates uncertainty in the economic development model being sought.

FENAPES Director Hector Bonilla said that, along with the VAT increase, domestic sales will decline, given the reduction in consumer purchasing power. Bonilla indicated that the measure does away with competition of products on a domestic level while raising the operating costs of service companies.

SCIS [Association of Salvadoran Businessmen and Industrialists]: VAT To Generate More Illegal Competition

The SCIS indicated that, as the currency's purchasing power falls as a result of the VAT increase, people will start to purchase products on the street. This situation will prove advantageous to dealers of contraband and the black market, thereby strengthening illegal competition against small and medium-sized businesses.

Union President Ernesto Escobar said the increase in the controversial tax will foster contraband and tax evasion, while at the same time it will generate pressure to raise salaries, thereby threatening to harm the income of small businesses. For the union leader, the best move would be for the government to reduce public spending, halt corruption, and investigate large tax evaders.

ASEIVA [Association of Used Vehicle Importers]: The Price of Used Cars To Rise

For ASEIVA, the creation of a selective tax on vehicles, added to the 14 percent VAT, will raise the price of vehicles by as much as 40 percent, "adversely affecting the people's purchasing power."

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In a communique sent to this daily, the association criticized the measure that is being adopted without consulting the economic sectors affected.

It points out: "The economic and social impact of this unpopular measure hits hardest the largest segment of our population, thereby fostering shifts in the climate of peace, harmony, and reconciliation, which has cost us so much."

The communique adds: "For the treasury, the import of vehicles represents an annual income of 400 million colones. If, following this increase in the tax, the treasury pretends to increase its collection by 34 million colones, in fact, what this measure will generate is a reduction in the import of vehicles and therefore create a crisis in the sector and other related activities." [sentence as published]

As options to prevent an increase in the VAT, ASEIVA is proposing:

1. Forgo the application of the selective tax on the import of vehicles.

2. Pass, as soon as possible, a law regulating the import of vehicles.

3. Improve efficiency in tax collection.

4. Reduce state bureaucracy.

5. Increase controls over tax evasion and contraband of merchandise.

6. Look for foreign financing to develop socioeconomic programs.

7. Study and implement measures to secure funds domestically, such as

issuing bonds and other instruments.

8. Educate the people to realize the importance of their tax obligations.

9. Carry out privatization plans.

10. Seek a solution to reach a consensus among all sectors involved to obtain a fairer law.

COEXPORT [Corporation of Exporters of El Salvador]: The State Should Reflect

Although it is subject to a zero-rate VAT payment, the export sector yesterday joined other associations in voicing criticism of the raising of this tax.

A COEXPORT communique said: "The export sector calls on the government to consider various options to cover the deficit before increasing the VAT." The association also proposed several options to help the government meet its needs.

Nicaragua

Chamorro on Dialogue, Devaluation, Reforms

PA2005192495 Managua LA PRENSA in Spanish 17 May 95 p 2

[Interview with Nicaraguan President Violeta Barrios de Chamorro by an unidentified reporter; place and date not given]

[FBIS Translated Text] [LA PRENSA] The talks, the dialogue with the various political parties begins tomorrow. What can you tell us about this, what is your government's position?

[Chamorro] I wrote a letter to the presidents of the various political parties asking them to talk about all the topics we have pending so that we can be up to date. Therefore, I hope, that if the talks do not begin tomorrow morning, they will begin in the afternoon, or the day after tomorrow, because I sent the letter perhaps a bit too late.

[LA PRENSA] Does your government want elections in this country?

[Chamorro] How can you believe there will not be elections? I was elected so this country could have a democracy, freedom, and free elections. If we had them a few years ago, why can't we have them now with supervision and everything?

We want to set an example for the world. How can you believe we will not have elections or who does not want them?

[LA PRENSA] Mrs. Violeta, is there something new regarding the investigations of the attacks on the Catholic Church?

[Chamorro] Government Minister Sergio Narvaez is taking care of that, and I condemn all those attacks. I do not want anybody planting bombs aimed at destroying churches of any denomination.

The government minister is aware of that and all those arrested will be punished.

[LA PRENSA] Are the attacks being attributed to someone?

[Chamorro] No, not yet.

[LA PRENSA] As for economic matters, the people are asking one question. The presidency minister said there will be no devaluations. What could you tell us as president?

[Chamorro] There will be no devaluations as Presidency Minister Antonio Lacayo or any other person, including me as president, can tell you.

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I want to please ask the Nicaraguan people to remain calm because the word devaluation was used six years ago. There were devaluations every week, but we are now experiencing no devaluations.

Of course, if everyone wants the aid to be cut and does not want money coming in, there will have to be a devaluation. That is why I want to privatize Telcor [Nicaraguan Telecommunications and Postal Services Institute] and many other things so that we can be in better economic conditions.

[LA PRENSA] What do you think about the latest incidents of violence that have taken place in the country, especially in Managua, where people have gotten themselves into shootouts with the police and all?

[Chamorro] I condemn all incidents of violence and what you are telling me about them getting into shootouts with the police, that is not good at all. It has to be condemned, I am not in favor of strikes. I want the National Police to protect the citizens of Nicaragua. I do not want the labor union leaders to have weapons, because weapons are mortal, fatal. I do not know where they got the weapons from. The police have every right to return fire if they are fired upon.

[LA PRENSA] As for the reforms, are you still studying the possibility of enacting the reforms?

[Chamorro] I am not studying them. I am waiting for the Supreme Court to hand down its ruling. I cannot do anything now.

[LA PRFNSA] As for the statements made by some National Assembly deputies, who said you cannot privatize Telcor through an executive decree, that they are unwilling to approve the Privatization Law and that they are going to keep putting it off, what could you tell those deputies, Alfredo Cesar among them?

[Chamorro] I would not like those kinds of problems in the National Assembly. I would like the National Assembly and all branches of government to be united for the welfare of the country.

You know how we received the country and Alfredo Cesar himself, as you now say, knows perfectly well how we received it. He came to Nicaragua from abroad.

I want to privatize all we can so that we can be in better economic conditions.

[LA PRENSA] What expectations do you have for the dialogue you have convened for tomorrow?

[Chamorro] That is why I invited you. I have never shut the doors on anyone. I am always in favor of dialogue. I invited the National Assembly from the beginning. They returned because they said they had to draft the reforms. I agree that the reforms should be the same for all Nicaraguans, and we should all agree with them.

There are many things in these reforms. Certain articles may make us worse off, but I want the good of all Nicaraguans. That is why Dr. Luis Humberto Guzman and I are subjecting ourselves to the Supreme Court's ruling. What the court says I will do.

[LA PRENSA] Some parties say they will not show up. What are your comments?

[Chamorro] I cannot tie up anyone and force him to attend. I invite the political parties, the party representatives, but I am sorry for those who do not show up. It is always good to talk, it is always good to listen, just as you are listening to what I have to say. I hope you write something good, sometimes you make my statements seem destructive.

[LA PRENSA] U.S. Senator Robert Torricelli has submitted a bill to economically punish Nicaragua for certain things. What are your comments?

[Chamorro] I have read the statements made by Mr. Robert Torricelli, and he is not asking for the suspension of the U.S. economic aid to Nicaragua, instead he wants to help. Certain Democrats and Republicans have stated that Nicaraguan is moving ahead, that Nicaragua has greatly improved.

I thank Mr. Robert Torricelli and I invite all our friends in the United States to come to Nicaragua so they can see for themselves how this country has improved and grown.

[LA PRENSA] But he is asking for an investigation of the participation of Nicaraguans in the attack on the World Trade Center in New York.

[Chamorro] Those are old things. That happened in New York. They have the CIA and all the things they have in the United States. Let them investigate and say what happened as they have done with things that have happened in Nicaragua.

I have invited the Governments of the United States and the United Kingdom to send their FBI representatives so that they can see things for themselves and let them speak up because they have that final word.

[LA PRENSA] They also say you have not investigated certain violations.

[Chamorro] No, that is not true. Everything is investigated here, and, to prove it, I invited other countries to come for a visit so that they could give their opinion too.

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Daniel Ortega Calls For National Dialogue to Solve Crisis

PA1905211695 Managua BARRICADA in Spanish 18 May 95 p 6

[Article by Xavier Rayo Valle]

[FBIS Translated Text] The FSLN [Sandinist National Liberation Front] yesterday reaffirmed its call for a national dialogue to discuss economic and social problems, the constitutional reforms, and the elections to end the crisis facing the country. The government and the political parties are now starting to echo this call.

After attending a meeting that the executive branch summoned to examine the electoral issue, Daniel Ortega, secretary general of the FSLN said that it is important to establish an exchange of opinions on the crisis affecting the Nicaraguan people between the various political parties and the government.

"We insist on the need for a national dialogue because we would miss the core of the problem if we limit ourselves to discussing the issue of slates for the Supreme Electoral Council [CSE], and as we know well, this problem involves more than just that issue," Ortega Saavedra noted.

He added that "this is why we advocate a meeting of all political forces to start discussing economic and social issues, the constitutional reforms, and the elections."

The Sandinist leader said that the most workable option is that each political party decide to participate in a meeting to discuss these topics. "It is the least we can do to find a solution to the crisis," Ortega Saavedra pointed out.

Another option, he said is that "the CSE, which is the only branch of state that has not been discredited [quemado], play an important role in this regard."

Ortega Saavedra stated that the goal should not be to ask the government to promulgate the reforms, but to discuss a solution to the crisis, which is beyond this. The reforms issue worsened the crisis. The main goal on the FSLN agenda is to eliminate whatever is causing so much harm to the people.

Ortega Saavedra said that he has not slated candidates for the CSE, and revealed that his party's initiative has been welcomed by the government and the political parties, and even Legislative Branch President Luis Humberto Guzman was receptive to it during a meeting with him.

He said, however, that the dialogue depends on the existence of political will, and he recalled that important agreements were reached in 48 hours in 1989 that facilitated the 1990 elections, because there was political will.

"The problem is that there is yet no political will and people are tired of the attitude of institutions that are leading society to anarchy, and it is possible that the institutions might "explode" and people might seek a solution," the Sandinist leader noted.

Of the 12 political parties that the government invited to talks on the slates issue, some did not show up and their meetings were rescheduled.

Minister Francisco Rosales Arguello said that they learned that the president of the Liberal Constitutionalist Party is abroad and asked that his meeting be rescheduled for 22 May and the same was done with the National Conservative Party, whose president returned from Waslala early in the morning.

Rosales Arguello described as highly positive the political parties' decision to attend the meetings that the executive branch summoned to discuss the issue of slates for CSE magistrates, as mandated by the unreformed Electoral Law.

Erick Ramirez, of the Social Christian Party, and Rosales Arguello supported the FSLN call for a national dialogue. Meanwhile, Roberto Urroz of the MDN [Nicaraguan Democratic Movement] and Duilio Baltodano of the PAN [National Action Party] said that they are the standard-bearers of the reforms and pointed out that the crisis would end if the executive branch promulgated the reforms.

Calls For Continued Civic Struggle

PA2105023895 Managua BARRICADA in Spanish 20 May 95 p 2

[Report by Maria Antonia Lopez M.]

[FBIS Translated Text] Commander Daniel Ortega Saavedra, secretary general of the FSLN [Sandinist National Liberation Front], made a call to continue the civic struggle in the streets during a ceremony to honor Enrique Montenegro at the Parrales Vallejos Cooperative.

Speaking before a large crowd that attended the ceremony, Ortega confirmed the need to continue the struggle to fulfill the demands of the people. "Bullets will not scare the people," he proclaimed.

He added that if the signs of a dialogue appear at any given time, they must be strengthened, but agreements among leaders will not be accepted.

He stressed his party's position to defend the interests of the poor and its solidarity with other sectors, giving

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the example of northern Nicaragua, where demobilized soldiers, the Resistance Party, and the Mingob [Government Ministry] have closed ranks to support land ownership.

"This struggle is just beginning, and we will continue to fight until the final outcome," Ortega noted in light of views disclosed on "the failure of the protests."

Priests and several people who spoke during the ceremony agreed that unity should be strengthened.

One of the speakers said: "We cannot let anyone refer to us as antisocial, as Police Chief Fernando Caldera did. The person who exhibited antisocial behavior is the one who gave the order to open fire on us."

Another remarked: "Disaster always hits the poor neighborhoods. [no closing quotation marks as published] When will disaster reach Las Colinas (referring to the wealthy)? Perhaps, when it arrives there, the poor neighborhoods will not be hit as hard.

Montenegro's relatives, storekeepers, and residents from nearby neighborhoods brought flowers, and several Sandinist leaders attended the service.

FSLN Communique Demands Government Cease Repression

PA2105023695 Managua BARRICADA in Spanish 19 May 95 pp 1, 7

[Unattributed report on communique issued by the FSLN National Directorate in Managua on 18 May]

[FBIS Translated Text] In a communique issued a few hours after the bloody incidents known to all, the National Directorate of the FSLN [Sandinist National Liberation Front] reiterated the justness of the people's civic struggle, demanding an end to government repression and the establishment of a dialogue to find a solution to the problems overwhelming the Nicaraguan people.

In the text of the communique, the FSLN confirms the people's right to stage civic protests and urges the government to heed the country's commonplace clamor.

Likewise, the FSLN holds Violeta Chamorro responsible for having used the police as an instrument of repression against the people and also to violate the people's human rights.

The FSLN, in face of the serious incidents of police repression which entailed the tragic cost of the deaths of three comrades — namely, Franklin Borge and Enrique Montenegro, both workers with the Parrales Vallejos Cooperative, and policeman Pablo Ezequiel Valle Olivares, a member of the FSLN. Valle Olivares was killed as a result of orders issued by President Violeta Barrios de Chamorro to prevent citizens from exercising their right to hold a just nationwide demonstration to protest the government's economic measures and the arbitrary detention of several thousands of citizens and our comrade Emmet Lang Salmeron, political secretary of the FSLN Departmental Committee in Managua.

REITERATES

1. That the righteousness of the people's civic struggle is a constitutional right to issue just demands, be heard, and be responded to by government authorities.

2. That the only way to find a solution to these economic and social problems that overwhelm most of the people is through dialogue and negotiation, with the inescapable obligation that public officials and government branches have, in support of a true legal state, to listen and quickly and carefully respond to the just demands of the people.

3. That the repression ordered by Mrs. Violeta Barrios de Chamorro must end. She has converted the National Police into an instrument that violates the people's human, economic, and social rights through the seizure of the Parrales Vallejos Transportation Cooperative and the arbitrary suspension of telephone services. This situation must be resolved in a peaceful manner within a framework of respect for the law and the citizens' human rights.

4. That the National Police not only have to respond to the government hierarchy, but they also must protect the people's rights in accordance with the country's laws. Therefore, it is the National Police's duty to guard the personal and moral safety of the Nicaraguan people. No order that threatens the lives or personal safety of the citizens can be obeyed because this is what our *Political Constitution of the Republic and International Treaties and Agreements* states, including *The Inter-American Charter on Human Rights.*

5. The demand for the immediate freedom and an end to persecution of detained citizens and of Comrade Emmet Lang Salmeron.

The FSLN calls on the entire nation, including the great majority of Nicaraguans affected by the government's economic policies, as well as entrepreneurial sectors, churches, social institutions, and unions, to join the civic struggle for the defense of life, property, credit, and the basic needs of the Nicaraguan people. This obliges the government to offer effective solutions to those demands and to stop the upsurge in violence against the people.

THAT REPRESSION CEASE!

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THAT THE GOVERNMENT HEED AND RESOLVE POPULAR PETITIONS

YES TO DIALOGUE AND NEGOTIATION, NO TO INSTITUTIONAL VIOLENCE

THAT CAUSES DEATH AND GREATER SUFFERING TO NICARAGUANS

MANAGUA, 18 MAY 1995

FSLN

Panama

President Willing To Study Proposal on U.S. Bases

PA2005035795 Panama City LA PRENSA in Spanish 19 May 95 p 1

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Panamanian Foreign Minister Gabriel Lewis Galindo yesterday said President Ernesto Perez Balladares is willing to study to a formal proposal from Washington regarding the presence of U.S. military bases in Panama after the year 2000, but he warned that until such a proposal is made, remarks made by U.S. senators will not alter Panama's position demanding compliance with the 1977 treaty.

The initiative to extend the presence of U.S. bases in Panama comes from a group of U.S. senators led by Jesse Helms, who has described the signing of the Torrijos-Carter treaties as a "stupid mistake."

According to a number of opinion polls conducted recently in Panama, between 70 percent and 75 percent of Panamanians agree that the U.S. military bases should remain past the year 2000.

Regarding Helms' actions, the Panamanian foreign minister told a news conference that "they have asked Bill Clinton to request that Panama renegotiate an agreement on the presence of the military bases, but they have not asked for a renegotiation of the Panama Canal Treaties, because we will not negotiate on that." Lewis added that despite the fact that Washington is aware of this position, the Clinton administration has not made any formal request.

The Torrijos-Carter treaties stipulate that the United States must turn over the Canal to Panama and withdraw approximately 10,000 soldiers the United States maintains along the banks of the Canal by 31 December 1999.

Lewis said the U.S. senator's remarks, when he said it was "stupid" to have accepted the treaties, were "rude, but that one must understand that in the United States congressmen and the media have complete freedom of expression. We are not going to react to this."

Regarding the results of opinion polls on this issue, Lewis said he is indeed aware that this is the opinion of the majority of Panamanian citizens, but he added that officials must review the situation at the right moment based on what is best for the national interest.

Various groups in the United States explain that the continued presence of a U.S. military force in Panama would provide a "spearhead" in the fight against drug trafficking in Latin America.

Meanwhile, PRD [Democratic Revolutionary Party] President Gerardo Gonzalez strongly criticized Helm's remarks and assured that there will be no renegotiation on the presence U.S. military bases in Panama.

"Considering we do not have any Panamanian soldiers here, we will not have any foreign soldiers, either," Gonzalez said. Gonzalez, who is also a legislator, is one President Perez Balladares' closest collaborators.

Panama constitutionally abolished its army in 1994, although the army had been dismantled since the 1989 U.S. invasion which toppled former General Manuel Antonio Noriega's regime. Noriega is serving a 40-year sentence for drug trafficking in a Miami prison.

Gonzalez affirmed that following the invasion, "the fears that flourished here affect this issue, but that no renegotiation is the position of Gerardo and the PRD."

"My position is that there should be no renegotiation, because Panama has to consummate its independence, and my position is no, because we have dignity here," Gonzalez reaffirmed.

Gonzalez also affirmed that the government "has the obligation to analyze the proposal, and we legislators have the patriotic duty to reject it."

PRD Has No Formal Position on U.S. Military Presence

PA2105000995 Panama City LA PRENSA in Spanish 20 May 95 p 4A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] PRD [Democratic Revolutionary Party] Assistant Secretary Mitchel Doens has said the ruling PRD has not yet formally established its position concerning the U.S. sectors that want U.S. military forces to remain in Panama after the year 2000.

Doens' remarks came after PRD President Gerardo Gonzalez affirmed that his party opposes the renegotiation of U.S. military presence, as advocated by ultraconservative Senator Jesse Helms.

Questioned on the issue, Doens said, "My party believes that if the North Americans have something to say about

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the topic, let them do so officially." He added, "My party has yet to formally discuss the issue, but I am sure it will do so and that it will be a profound debate."

Legislator Gonzalez said on Thursday that "no renegotiation is Gerardo's and the PRD's position."

Doens, who also serves as labor minister, recalled that one of the causes of the conflict that led to the negotiation of the Torrijos-Carter treaties was the U.S. military presence.

"If the United States is interested in reviewing this topic, it is the party that should present the proposal," he said. However, he added that it would be advisable for Panama to utilize all of the military bases for civilian activities to generate more jobs and wealth, because defense sites generate neither employment nor wealth.

Doens said he understands that "today's world is different from yesterday's world. U.S. security policies are different. The war the United States is waging is no longer against the Soviet Union but against drugs."

He added: "If within that framework, one can cooperate with the United States, I think this would be commendable and highly virtuous, but one should not disguise something of this magnitude to renegotiate on bases that no longer make sense within today's global situation."

Meanwhile, Cuban Ambassador to Panama Carlos Mas described Republican Senator Jesse Hemls as a "reactionary who is an anachronism." Mas' criticism stemmed from Helms' call to extend the U.S. military presence in Panama and to toughen the blockade against Cuba. This week, Helms described the negotiation of the Torrijos-Carter treaties as stupidity.

After participating in the commemoration of the centennial of Jose Marti's death, Mas told domestic and foreign media that "we believe he is a reactionary," and, in addition to being "rude," his remarks about the treaties show how "antiquated" his beliefs are.

Helms opposed the treaty negotiations, and after the treaties were signed, he continued his campaign against them. The Canal Treaties establish that on 31 December 1999, Panama will take over control of the waterway and U.S. military presence will end in this country.

Mas also noted that Helms is "sponsoring a bill that seeks to tighten the blockade against Cuba to suffocate my people even more."

The diplomat added: "Helms is a figure who absolutely lives in the past, and it is surprising that, although the U.S. people are so intelligent and enterprising, they have senators like Jesse Helms."

The Republican senator heads a movement in the U.S. Senate to renegotiate the U.S. military presence in Panama beyond the year 2000, but the Ernesto Perez Balladares administration has said it will only respond to this initiative when it is formally presented by the Clinton administration.

Lewis Galindo on Helms Remarks, U.S. Bases, Cubans

PA1905211195 Panama City Circuito RPC Television in Spanish 2300 GMT 18 May 95

[Report by Alvaro Alvarado, from the "RPC Television News" newscast]

[FBIS Translated Excerpt] Up until now the U.S. Government has not officially requested the Republic of Panama to hold any type of negotiations over the permanence of the U.S. military bases in our country, Foreign Minister Gabriel Lewis Galindo said.

A group of U.S. senators submitted a resolution yesterday asking for an agreement that can allow U.S. troops to remain in Panama beyond the year 2000. According to Senator Jesse Helms, who opposed the signature of the Torrijos-Carter Treaties, the U.S. Congress must urge President Bill Clinton to initiate negotiations for a new agreement on the military bases.

[Begin Lewis Galindo recording] What we have is the opinion of a U.S. senator, who just as our legislators, has every right to give his opinion on anything he likes. This is not an official position of the U.S. Government and that is how we interpret it. [end recording]

Helms bases his request on recent surveys which show that 70 percent of Panamanians favor the permanence of U.S. troops in our country. [passage omitted]

Foreign Minister Lewis Galindo is aware of this situation.

[Begin Lewis Galindo recording] The best interests of the country will be considered if we receive a formal request from the United States. [end recording]

In his speech before the Senate, Jesse Helms described the approval of the Torrijos-Carter Treaties as a "stupid mistake," an expression which Foreign Minister Lewis Galindo considers offensive.

We also asked the foreign minister about the situation of the Cuban rafters, who remain in our country in clandestinity and who on Wednesday, through RPC Television, requested the Panamanian Government to grant them political asylum.

[Begin recording][Unidentified Cuban] We would rather stay here than return to that country.

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[Lewis Galindo] I have not received any request in this regard.

[Alvarado] They remain in hiding, but made their request yesterday.

[Lewis Galindo] Do you think a serious government could take action based on requests made clandestinely? If they submit a request for political asylum in Panama, their request will be considered. [end recording]

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Argentina

Menem Denies Possibility of 1999 Reelection Bid

PY2005030495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2019 GMT 19 May 95

[FBIS Translated Excerpt] Tandil, Buenos Aires Province, 19 May (NA) — President Carlos Menem today denied the possibility of once again reforming the Constitution so that it would allow him to run for reelection in 1999.

He thus downplayed the statements made by Luis Barrionuevo, a leader of the Gastronomy Union, who in an interview said that he was in favor of giving the chief of state the chance for a second reelection.

"There is no possibility of reforming the Constitution. In 1999 I intend to hand over the presidency to the person who is elected by the people," Menem stressed, during a news conference that he gave here today at noon, after presiding over a ceremony, together with Governor Eduardo Duhalde, to hand out land titles.

Menem also stated that Duhalde is "one of those with the prospects" for becoming the PJ [Justicialist Party] presidential candidate in four years, though he indicated that this decision would have to be made by PJ members in internal elections.

"He will have to participate in the internal elections. It is very possible that Duhalde will head one of the tickets in 1999, because he has enormous potential for success," he added. [passage omitted]

The president also referred to the ratification of some of the articles of the controversial patents bill that the executive branch had partially vetoed.

"The Senate has the entire right to evaluate it and express whether or not it approves of the veto. That is democracy in play," he emphasized.

The president made these remarks after he had handed out land titles to 701 families in a ceremony held on the sports grounds of the Independiente Club in Tandil. [passage omitted]

Foreign Minister on Achievements, Plans

PY1905210095 Buenos Aires AMBITO FINANCIERO in Spanish 17 May 95 p 16

[Interview with Foreign Minister Guido Di Tella by Susana Merlo; place and date not given]

[FBIS Translated Text] [Merlo] In your opinion, what activities will have to be pursued during this new phase of government?

[Di Tella] The president (Menem) will decide what he wants. I believe most changes at the international level have already been implemented. We would have to enhance them, advance on issues such as the Malvinas Islands, end the [pending border] issue with Chile, and speed up Argentina's entry into the OECD (the world's group of most developed nations), which represents a political and economic goal.

Argentina's international trustworthiness requires more time. The world now appreciates the change in course, as compared with that of eight or 10 years ago.

[Merlo] Are you saying that the changes are better appreciated abroad than they are here?

[Di Tella] Domestically, I believe there are other elements that also play a role. Nevertheless, our country has a very good image abroad, and probably for this reason the Foreign Ministry has been strongly supported.

[Merlo] Do you believe the Malvinas Islands issue will be resolved?

[Di Tella] During the next four years? Well now, it is worth trying.

[Merlo] Do you believe the strengthening of the Labor Party in the United Kingdom will help negotiations?

[Di Tella] Actually I believe that time helps. In 1997 the United Kingdom will have a new government, and it will probably be Labor. We are only interested in a clear victory by the winner. We are interested in a winner with negotiating capability.

[Merlo] There are reports that some British MP's will visit the Argentine Congress within the next few months...

[Di Tella] Everything involving exchanges of visitors is extremely positive, at all levels.

[Merlo] What is your most striking achievement?

[Di Tella] There have been a number of interrelated actions since the inauguration of this administration. Among them I would mention the Nuclear Nonproliferation Policy (PNP) that included Tlatelolco and the TNP (Nuclear Nonproliferation Treaty). I would also mention the Condor issue, including the suspension of this project and our entry into the MTCR [Missile Technology Control Regime], the signing of the Paris agreement on the nonproliferation of chemical and bacteriological weapons, the active involvement in the UN peace corps, and the policies on the trust levels of Latin American military forces.

All this represents a very important package that permitted us to become international "examples" after being international "damned ones."

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[Merlo] Aren't you exaggerating a bit?

[Di Tella] No. The economic plan we have today would not have been possible if we still had the Condor project.

[Merlo] But some circles do not interpret this fact as an achievement, but rather as a sign of dependence...

[Di Tella] Well, there are many ignorant people around. They think our country's standing will be strengthened if we implement foolish projects to make our neighbors or other countries nervous. It is an immature position. But in the past few years we had other achievements. We can also outline them. One of those achievements was to improve our relations with our neighboring countries. We moved away from mere academic Latin American declarations and into true Latin American integration, which started with the mending of existing problems with our neighbors.

Another important step was our exit from the nonaligned movement. It was a difficult decision. I think it was one of the landmarks of my administration, which together with the strengthening of our relations with the United States and the United Kingdom constitute the axis of our country's foreign policy.

[Merlo] Would you say that our integration project is solid and consolidated?

[Di Tella] Mercosur [Common Market of the South] has been consolidated. Its extension to countries such as Chile and Bolivia, even if only at the level of free trade, is not only possible but highly desirable.

[Merlo] So far you have spoken only about the good things. Is there anything you feel sorry about, or anything that was left undone?

[Di Tella] Our great pending issue is the Malvinas Islands issue. We are very happy to have introduced a new policy that is much more realistic and has some chance. This policy is quite different from past closed policies that did not lead us anywhere. This new policy is not sure, either, but we have some indications that we are on the correct path.

It was obvious that I was not going to solve this problem during this past administration. Another unfinished issue is the arbitration with Chile, which we suppose will end around August, and we are still waiting for a congressional decision on the issue of the continental glaciers.

[Merlo] But our improved relations with Chile probably help in the negotiations...

[Di Tella] Of course, just as our rapprochement and increased trade with Great Britain helps in the discussion of South Atlantic issues.

[Merlo] In the past few days you talked about a Foreign Ministry that is not only "diplomatic" but also pragmatic, a department that will spend more time on trade...

[Di Tella] We think international relations are intrinsically intertwined with commercial aspects. We must help the country sell its products. We must create confidence in us, help the economic plan, and encourage investments. This must be done by embassies as well as consulates.

[Merlo] But that was not the usual diplomatic practice...

[Di Tella] In the past our country was rather autarkical. We did not feel we needed improved relations with other countries.

[Merlo] Do you want to continue in your post?

[Di Tella] If the president wants me to continue I will accept with pleasure.

[Merlo] With pleasure? Are you not tired?

[Di Tella] Yes, but the job is very interesting, particularly when you see a radical departure from previous policies of isolation. Ours was a country in conflict with its neighbors, where angry entrepreneurs were abundant. We must not forget that in 1978 we almost went to war with Chile. People forget that. It did not occur 100 years ago.

At that time the Tlatelolco Treaty as well as the TNP were inconceivable. Condor was an aberrant project, the product of a sick mind. There were many changes...

Six years ago we still projected the image of a crazy country at the brink of suicide. That image was projected to the entire world, including our neighbors, who chose to stay at arm's length.

I think people do not realize the level of abnormality that Argentina exhibited only a few years ago. For 25 years we defended the right to our own nuclear development while other countries that already had the bomb renounced their programs. Why in the world would we want to have the bomb?

[Merlo] What about the peaceful use of atomic energy?

[Di Tella] Even in that area we benefited form our incorporation into the TNP, because we became a trustworthy country and now have access to scientific information that was unavailable to us before.

What were we looking for? To pick up a fight with the United States? It was aberrant, because it only served the purposes of a group of intelligence intellectuals who wanted to enjoy the luxury of saying: "I told them, they had it coming."

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Why would we want to do that? What we want from them is credit, investments, and that they stay close...

[Merlo] But you exaggerate a bit, because there is a difference between that point and "carnal relations."

[Di Tella] [laughs] But why did we use that phrase? What were we saying? That we wanted to have good relations with more powerful countries. Why do I have to apologize for wanting to get along well with richer countries? What do you expect? Would you like me to go after the poorest countries?

We have the White Helmets to support the poor countries. "Everything according to its importance, and harmoniously."

Party 'Looked Like' Official Launch for 'Cavallo Faction'

PY1905185195 Buenos Aires AMBITO FINANCIERO in Spanish 18 May 95 pp 40, 22

[Article by Guillermo Kohan]

[FBIS Translated Text] The Mediterranean Foundation — formerly an aseptic center of scholars, looked rather like a political group during the first celebration organized by [Economy Minister] Domingo Cavallo's faithful followers after the 14 May elections. A little more temperate than his supporters, the minister arrived late to the festivities.

In spite of arriving late, Cavallo celebrated the recent election victory with his followers from the Mediterranean Foundation. Businessmen, Economy Ministry officials, and other participants, packed the top floor of the American Club — a record of 450, twice the regular number — for the first meeting [preceding word in English] of the Mediterranean Foundation following the elections. Cavallo only arrived in time for coffee because he was delayed at the Olivos presidential residence in a personal meeting with President Carlos Menem at midday. Those who stayed behind to wait for Cavallo, heard important economic announcements like confirmation that measures to solve pending problems at some private bank and provincial banks will be disclosed on 19 May. The economy minister said: "A solution will be devised soon for the financial system ... we can no longer put off the issue."

Those who attended the American Club luncheon on 17 May not only heard economic announcements. Some observers said it looked like an official launch of a new political party — the "Mediterranean Party" or the "Cavallo Faction" — according to some pungent comments circulating among entrepreneurs present there. The luncheon began with an appreciation to several members of the current economic team and of the Foundation who will soon enter politics after having been voted into office on behalf of the ruling party. One interesting point was the scant reference to Carlos Menem or the Justicialist Party. Bidding farewell to his audience, Cavallo chose to propose a toast to "our homeland and democracy" and to the New Argentina that "we can all build as of now."

Cavallo arrived at the American Club at 1505. "He has just been to a personal meeting with the president," said the minister's closest friends, who are increasingly concerned about the new government make-up, appointments to different portfolios, and measures to be taken by future cabinet chief Eduardo Bauza. Cavallo's fans swear to anyone who listens to them that in Menem's second presidency, Cavallo will not lose control over the Public Revenues Secretariat, the DGI [General Directorate of Taxation], the Customs House, or the Finance Ministry. From the economic team, only [Central Bank President] Roque Gonzalez and [Agriculture, Livestock, and Fishing Secretary] Felipe Sola were absent.

As for the clues about the economic future, let us review the announcements made by the strong man of the economic team:

- Pending problems within the financial system will be solved soon. The restructuring of the banking system can no longer be delayed. This will result in a much more efficient system with much lower spreads [preceding word in English] and lower costs for banks, which will then be able to meet the fundamental objectives of long-term financing for companies and individuals.

- Official provincial banks must receive the proceeds from the privatization of provincial public enterprises.

- The government will disclose new measures to further enhance deregulation, especially that of the construction industry. The National Mortgage Bank [BHN] may now help to set in motion construction projects for new housing developments. (On the evening of 17 May, BHN President Pablo Rojo met with Francisco Macri and Munir Madcur — the chairmen of the Argentine Union of Construction Enterprises and of the Argentine Construction Board, respectively. During their meeting it was agreed that the BHN will provide up to 25 percent of the necessary financing for construction projects under a system of securing mortgages).

- Argentina's rate of growth in 1995 will surpass 3 percent.

- There will be a significant and greater than expected inflow of capital. Cavallo said all the calls he received from abroad to congratulate him over the elections confirmed foreign investors' confidence in Argentina.

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- All pending bills will be speedily passed by Congress, including those on accidents at work, the bankruptcy act, and labor flexibility. All these laws will be enacted by 8 July. Menem will assume office free of any pending problems.

Cavallo Said Playing Waiting Game on IMF Goals

95SM0343C (Internet) Argentina Gopher in Spanish 17 May 95

[Commentary by Ricardo Rosales: "Revenues Improving, But IMF Goals Unmet"; from EL CRONISTA COMERCIAL News Summary 17 May]

[FBIS Translated Text] The tax shock agreed to with the IMF in the middle of last March has not hit yet. In May, the official projection made by Carlos Tacchi indicates that collections will climb to $4.027 billion, 20.9 percent more than in April. This improvement is nothing to sneeze at, but it is still far from the targets set forth in the letter of intent. To achieve the goal for the second quarter, the General Directorate of Taxation (DGI) and the Customs Office would have to collect $5.309 billion in June. That figure is completely out of the realm of possibility in today's economy.

In May and June the three-point hike in the value-added tax (IVA) will have its full impact, as will the capital gains tax that companies must pay for the fiscal year that closed in December 1994, and that individuals must pay as well. The performance of these two instruments will not, however, be enough to bridge the gap in revenue collections to meet the 1995 fiscal program.

The IVA still reflects the simultaneous effects of the recession in sales, more tax evasion, and the increase in exports (which erodes the tax base). Thus, we do not have the additional $2.2 billion that the IMF contends should make up the extra three points. In May, with a rate of 21 percent, the IVA should provide a net $1.139 billion, which is 6.5 percent below that obtained a year ago, in May 1994, when the level of economic activity was much higher and the composition of foreign trade (exports-imports) was quite different than it is now.

Compared to April, when, for all intents and purposes, the three-point hike had not yet taken effect, May IVA revenues will be just $132 million higher in net terms. The projection agreed to with the IMF calls for the doubling of that figure to approximately $240 million to $250 million more per month. As far as the capital gains tax is concerned, the picture is much more favorable: The payment in May (if official projections are correct) will bring the month's collections up to target. The total to be paid on that tax is about $767 million, 75.2 percent higher than April collections, but 1.2 percent below the $776 million collected in the same month of 1994.

In short, May will not see a reversal of the trend toward declining collections that began last February. Revenues are improving as a result of the tax package, but they are not achieving the IMF's targets. Are Domingo Cavallo and Tacchi studying any alternative plan? Nothing is in the works at this point. The official strategy, as on other occasions in the past, is based on a kind of "fleeing forward," in keeping with the hypothesis that Carlos Menem's reelection will contribute to a rapid shift in the level of economic activity, and that in a more favorable climate, collections will once again reflect the "Tacchi effect." In this scenario, the IVA will benefit the most, registering a sharp increase. The Economy Ministry does not have a precise idea of how long it will take for the "reelection effect" to be seen in fiscal accounts. But Cavallo is counting on a grace period of at least two months as a result of the overvaluation of the budget deficit agreed to with the IMF for the first quarter, which gave the program a $385 million crutch.

Short-Term Approach to Unemployment Scored

95SM0343B (Internet) Argentina Gopher in Spanish 17 May 95

[Commentary by Roberto Cachanosky: "Public Works Not Effective in Combating Lack of Employment"; from EL CRONISTA COMERCIAL News Summary 17 May]

[FBIS Translated Text] Just as Menem's economic policy priority was the battle against hyperinflation in 1989, it is clear that at the beginning of this new term of office the most urgent problem to solve will be unemployment. But the urgent need to solve this problem should not lead to the selection of alternatives that will achieve artificial benefits in the short run but will obviously produce huge problems in the long run. To be more specific, the accent being placed on public works projects as a weapon against unemployment can be compared to price controls during periods of inflation. Controlling prices brings price indices down to zero, but it does nothing to curb inflation. The same is true of public works projects; in the short term, they may bring down the unemployment rate, but they do nothing to eliminate unemployment. If by public works we mean the construction of highways, public buildings, communications, and trains funded by tax revenues, what we are really doing is taking purchasing power away from some (those who pay the taxes that finance these projects) and transferring it to those who build the public works (engineers, laborers, contractors, cement and steel manufacturers). In other words, the so-called aggregate demand is not increased by public works; aggregate demand stays the same, but its composition changes.

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Let us look at it this way: The person who pays taxes to finance public works has less buying power. With less buying power, he cannot buy certain goods and services, and this reduces activity in those sectors, thereby boosting unemployment. Consequently, public works projects financed by taxes create jobs in construction and eliminate jobs in production sectors, where sales fall as a result of taxpayers' decreased purchasing power. The construction of highways, bridges, trains, or telecommunications infrastructure by the private sector under competitive conditions, financed not by tax revenues but by domestic or foreign savings, is a different matter. In this case, the taxpayer maintains his buying power, and an additional demand for manpower is created in the construction sector.

The employment problem will be solved once and for all the day the labor market is freed up and labor costs are cut substantially, just as inflation is curbed by balancing the budget, not by controlling prices. In economics, markets always adjust by price or by quantity. If the price of the labor factor is artificially high because of taxes and legislation, the market will adjust by quantity, that is, by raising the unemployment rate.

Although it may seem ironic, to boost the demand for labor what we must do is reassure businesses that if they decide to incur new labor costs, they will be able to get out of those costs immediately and without paying a price. Just as controls on capital inflows end up driving away capital, because no one will invest money that he cannot get back out, in the same manner, regulations intended to be progressive in defense of labor actually scare away the demand for labor.

We have 30 election-free months ahead of us, and four years of this administration to make progress on the pending reforms. Let us seize this opportunity to get to the heart of the problem and abandon forever those Keynesian public works bandaids.

Commentary Sees Economic Difficulties Ahead

95SM0343A (Internet) Argentina Gopher in Spanish 15 May 95

[Commentary by Nestor O. Scibona: "No Option But To Pursue the Model Further"; from EL CRONISTA COMERCIAL News Summary 15 May]

[FBIS Translated Text] Carlos Menem has just become the second president in Argentine history to succeed himself, and consequently, in his second term he will have one disadvantage with respect to his predecessors: He will not be able to blame the previous administration for all the problems he will have to face in the immediate future.

This situation leaves the Menem-Cavallo duo with no alternative but to carry out the far-reaching economic reforms they began in 1989. The reform process is now at the point where half-measures will no longer get the job done. Either they will be successful in placing Argentina definitively among the countries participating actively in an increasingly globalized world economy, or they risk stumbling tumultuously back into the past. They have an excellent opportunity to face this challenge: a period of 30 months with no national elections looming on the horizon. Both the government and Congress should take full advantage of this period, because the question that arises with regard to the economy during this second term is not whether the pending reforms can be implemented; it is whether they will be propelled by the political authorities or by the new economic reality. In other words, will they be de jure or de facto reforms? Although yesterday's results reflect a significant endorsement of stability on the part of Argentine society, it is understood that stability cannot be regarded as an end in itself. Rather it is a necessary but insufficient condition for moving forward with more equity in the development of an economic model with quite different rules (opening up the economy [apertura], fiscal equilibrium, monetary convertibility, deregulation, restructuring of the production sector, more competition) than those that have prevailed in the country over the last 50 years. No clear alternative to this model was posed during an election campaign that was so devoid of proposals that, at a minimum, it may actually have ended up putting the quota vote above promises of dubious content. More immediately, Menem's triumph rules out the possibility of abandoning the convertibility plan. Any of his adversaries could have gotten out of this straitjacket, albeit at a high political cost in terms of lowering wages and modifying relative prices. Now that a devaluation has been ruled out, the challenge is to cut domestic costs on a case-by-case basis in a scenario in which, in the wake of the Mexican crisis, the focal point of growth has suddenly shifted from domestic consumption to exports and investment. It will not be easy to bring about this transition without sparking social conflicts, since the restructuring of the economy will continue to take place against the backdrop of record unemployment. The next two years will be no picnic, and in fact will be fraught with difficulties. Until last year, the economic model brought more benefits than costs, with abundant external capital and internal credit. Now the equation is reversed. The key is having the political power to manage the situation, since none of the pending reforms will help attenuate unemployment in the short or medium term. The first item of unfinished business remaining on the agenda is the deferred restructuring of the financial system, the effects of which could

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be muted if yesterday's election results prompt the return of the $7.5 billion that had fled the system, as well as a restoration of credit. Next, almost simultaneously, come the fiscal adjustment and the privatizations in the provinces, plus making labor more flexible, reforming the social welfare system, placing greater emphasis on education as a manpower training resource, and turning small and medium businesses (Pymes) into factors of employment and production. All within a framework in which fiscal and financial constraints dictate austerity in public spending, which from now on will have to decline in real terms. The problem is, if the fiscal program takes place as announced, in 1996 there will no longer be any privatization proceeds to pay the interest on the foreign debt. Therefore, the budget surplus should be even higher than that which may be eked out this year at great effort in order to continue supporting the convertibility plan.

Bolivia

Santa Cruz-Mato Grosso Integration Agreement Signed

95SM0337A Santa Cruz EL MUNDO in Spanish 29 Apr 95 p A16

[Unattributed article; first paragraph is EL MUNDO introduction]

[FBIS Translated Text] *The departmental prefect and the Brazilian state's vice governor signed an agreement involving immediate action in the areas of agriculture-livestock, road and air connections, trade, and tourism.*

At the conclusion of the integration meeting between authorities and business owners from Mato Grosso do Sul (Brazil) and Santa Cruz, an agreement for cooperation was signed. Its purpose is to accelerate action aimed at improving connections between the two regions from the standpoint of trade, roadways, air traffic, and the agriculture-livestock industry.

The department prefect, Julio Leigue Hurtado, and the vice governor of Mato Grosso do Sul, Antonio Braz Mello, signed the agreement prepared by four committees that worked during the entire conference activity.

The main points in the document on the topic of agriculture-livestock are: to promote harmonious, sustainable development of forest activity in the commercial and industrial areas, making compatible policies to protect natural resources. Other points under that heading involve training human resources, transfers of technology, creation of binational companies to engage in joint ventures, etc.

In the field of aeronautics, note was taken of the urgent need for establishing border airlines between the two regions, so as to connect the populations of Santa Cruz-Corumba and Campo Grande, which currently lack optimal means of communication. It was regarded as necessary for Bolivian aircraft to operate at the Corumba airport until the repairs on the Puerto Suarez runway are completed.

The Trade and Tourism Committee signed the commitment to negotiate with the Mato Grosso authorities and other appropriate agencies for Bolivia's entry into Mercosur [Common Market of the South]. Also proposed was the free passage of intermodal transport for freight and passengers, and a reduction in the stay of goods at customs warehouses and storage facilities to a maximum of eight hours. This would be accompanied by the elimination of inspection duties and greater speed in dispatch.

As for roadways, it was agreed to immediately resume the overhauling of the Puerto Suarez-Robore section of road, extending for 235 km, with the contributions obtained by business sectors in Corumba and the Bolivian border locality. It was also considered necessary to begin the repair work on the Pailon-Robore section, with funds from Cordecruz [Santa Cruz Development Corporation] and the National Roads Service.

Increased Brazilian Agroindustrial Investment Seen

95SM0337B Santa Cruz EL MUNDO in Spanish 29 Apr 95 p A16

[Unattributed article; first paragraph is EL MUNDO introduction]

[FBIS Translated Text] *Over 400,000 hectares are being cultivated by foreigners, particularly in the department's Eastern section. Bolivian producers hail the investments, but request that the nation's laws be respected.*

Approximately 400,000 hectares of Bolivian land are in the hands of Brazilian soybean producers, who have invested nearly $200 million in the purchase, clearing, and cultivation of the land.

"We are unquestionably facing a massive movement of Brazilian capital to our country: an investment that we accept with complete hospitality." This comment was made by Walter Nunez, manager of the Agricultural-Livestock Chamber of the East [CAO], after giving a presentation on the subject at the integration meeting between business owners from Santa Cruz and the State of Mato Grosso do Sul.

During the past five years, with the sudden increase in soybean exports to the Andean Pact markets, Brazilian

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businessmen have become established in Eastern Santa Cruz: a situation viewed with distrust by some sectors of the population. There have been questions about alleged plundering practices, and hiring of day laborers who enter the country without legal documentation.

The business leader claimed that the Bolivian State should watch this movement carefully, so as to exercise its regulatory capacity with regard to environmental laws, and migration and labor regulations. Nunez, for his part, called upon Brazilian business owners to be respectful of the country's laws, thereby repaying Bolivians for their hospitality and openness.

He maintained: "We have never opposed the economic decisions of private entities that contribute to Bolivia's growth, as has occurred in the case of the Mennonite and Japanese colonies, whose contribution has created a new national agricultural-livestock picture."

Nunez remarked: "We have been stating that everything must be done with balance and rationality, and so, everyone has been welcome." He added: "The law must be applied unhesitatingly to both nationals and foreigners. We need investments and, particularly, those giving priority to the agroindustrial sector. That is why we have fully supported these integration meetings."

Thousands of Mennonite families, having arrived in Santa Cruz from Mexico and Paraguay since the 1950s, succeeded in carrying out major agricultural production projects, especially for soybeans. Meanwhile, the Japanese located in the North have done so also, including livestock activity.

Nunez declared: "Balance and rationality must be guaranteed in the utilization of farmland. The Bolivian State must make certain that there is compliance with all the regulations pertaining to environmental protection, labor legislation, and migration laws as well."

Nunez avoided comment on the existing risk that this Brazilian capital, coming from large investors, might entail a new "large-estate system" for the ownership of farmland in Santa Cruz. This land is considered to have the greatest potential and best prospects from the standpoint of exports.

Nunez observed: "The CAO is of the opinion that this massive investment of Brazilian capital should be used, rather, to reinforce the road integration projects demanded by the producers for years. This would enable Bolivia to cease to be a country of transit and to become a country of integration."

Among the road projects demanded by the Santa Cruz producers are the Santa Cruz-Puerto Suarez-Corumba and Santa Cruz-San Matias highways, on the Mato Grosso border. They also include the interconnection of railroad corridors, such as the one that would make it possible to connect Bolivia's Eastern and Western regions.

Currently, the agricultural production in the region involves approximately 500,000 hectares, although the potentially productive land totals over four million, according to studies recently prepared by Cordecruz [Santa Cruz Development Corporation], with the aid of the German Technical Mission, and translated into the Soil Use Plan.

Moreover, Santa Cruz is currently the country's leading productive department, with a gross domestic product representing approximately 28 percent of the national GDP. Prominent in it are agricultural, industrial, and commercial activities, accounting for 36, 14, and 33 percent of the national total, respectively.

Mato Grosso Authorities: Brazilian Business Owners Will Bring Benefits'

The secretary of tourism, commerce, and industry of the State of Mato Grosso do Sul (Brazil) claimed that thousands of Brazilian business owners are making Bolivia their own nation, and "will surely bring benefits to you (meaning the Bolivians)."

Alfredo Sulzer indicated that there are large flows of capital associated with agroindustry coming from Mato Grosso. He noted that it comes from investors with long experience in the field, who are bringing advanced technology in order to incorporate it into Bolivia's economic activity.

The official reported that the focus of the investments has now been changed. Previously, it was expected only that Bolivians would go to Brazil; but now, it has become balanced, since many business-owning groups have become established in Santa Cruz.

Yesterday, Sulzer expressed his views on the Brazilian-Bolivian economic exchanges in the context of the integration meeting held between Santa Cruz and Mato Grosso, which will continue until today at the Cordecruz auditorium.

Sulzer commented: "Like this region, Mato Grosso is closely linked to agroindustry, and there are great opportunities for exchange of techniques, technological advances, and a complementary relationship between the two economies."

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Brazil

Discord Within Cardoso Cabinet Discussed

95SM0321A Sao Paulo VEJA in Portuguese
26 Apr 95 pp 36-39

[Unattributed article: "The Motta Earthquake"]

[FBIS Translated Text] It fell to President Fernando Henrique Cardoso's best friend to produce the government's biggest embarrassment to date. Last Tuesday, Minister of Communications Sergio Motta met for three hours with 80 PMDB [Brazilian Democratic Movement Party] legislators. He had gone there to explain the constitutional changes in telecommunications, but took advantage of the chance to spend hours praising the administration. At one point, invited by one of the deputies to assess the Executive Branch's performance in the social needs area, Motta talked for only 10 minutes—but the result was like a thunderclap. Motta, whose nickname among friends is "Serjao" *[Big Sergio]*, began by saying: "I want to make an accusation as a citizen, not as a Cabinet minister." He then lambasted the work of Community Solidarity, the government's social program headed by First Lady Ruth Cardoso, and criticized the education and health ministers. He said that Minister of Education Paulo Renato Souza has "pure gold" in his hands but runs "a pachyderm" of a ministry. He called for "aggressiveness" from Minister of Health Adib Jatene, after saying that public health in Brazil can be described as "an unholy mess." In closing, he said that Community Solidarity has replaced concrete actions with "sociological masturbation." "That infuriates me," he said.

The minister left Congress convinced that his presentation had been clear and positive. It was not until late afternoon that he began to get unpleasant signals. Minister of Education Paulo Renato called up to ask: "Sergio, some reporters here are saying that you have been criticizing everyone. What's going on?" Motta denied he had said what he said, complained that his words had been taken out of context, and asked the minister to deny everything. Paulo Renato obtained a copy of Motta's statements and, when talking on the phone with the president in New York, said he had not felt maligned by the communications minister's comments.

'Congratulations, Minister'

The next morning, Motta got a phone call from the president's chief of staff, Francisco Grazziano, who was accompanying Fernando Henrique on his U.S. trip. "The president is going to issue an official note on the incident through Sergio Amaral. The note is not a reprimand," said Grazziano. "But the president needs to say something for two reasons. One, this sort of thing must not happen again. Two, were he to keep silent, the administration would run the risk that other ministers will start saying things about ministries other than their own." After the note, which reminded people that "the president is the one who speaks for the administration" was released, Motta spent the day on damage control. He phoned Jatene and spoke again with Paulo Renato. He explained that in criticizing Community Solidarity, the first lady was not his target. "I was trying to talk about Anna Peliano," the minister told a friend, referring to the sociologist who takes care of the program. And he added: "I talked to Ruth. She, too, is bothered by the lack of action." Because this had been an official meeting in Congress, which customarily records such proceedings, there was a tape of the minister's statements. The PMDB decided to release it, but not until after consulting Motta. The criticisms are all there, in their proper context.

The president knows that of all his aides, Motta is the most frank and enthusiastic defender of the administration. An unusual minister who has no political plans of his own, Motta, with his suspenders spanning his immense stomach, works harder than anyone to make FHC a success. During the election campaign it was Motta who solved all the problems—from pins to airplanes, from pennies to millions. Fernando Henrique also knows the minister is an extremely loyal aide and would be the last person to betray him. Friends for three decades, the two are even partners in a ranch in the interior of Goias state.

The worst news for the administration is that Motta is telling the truth. On Thursday, the minister was praised in a note from the PSDB [Brazilian Social Democracy Party] delegation, over more than 20 signatures, entitled "Congratulations, Minister, for the self-criticism of the administration." Motta insists he has already heard Fernando Henrique himself utter most of the criticisms that he leveled at the meeting. He was sure about what he said and knew he was not talking only on his own behalf. Because of the defeats the administration has suffered in Congress, the malfunctions in its political compass, the Esplanade of the Ministries is now a scene of few delights, lots of frustration, and various intrigues.

For example, it was not mere chance that Sergio Motta urged "aggressiveness" in the field of health. So far, Jatene's biggest achievement has been paying off the R$1 billion in debts to private hospitals that was inherited from the Itamar administration. After showing concern for the financial health of the hospitals, Jatene started worrying about the doctors' wallets. The minister even justified the practice of public health system doctors who charge their patients "off the books," which is like a police officer deciding not to go looking for a stolen car until the victim promises him a reward.

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Jatene is viewed by his enemies in the Cabinet as a politician who is more interested in preparing the next step in his own political career, such as running for mayor of Sao Paulo in 1996, than he is concerned about working with others to see that the administration does well. Before Jatene was sworn in, PFL [Liberal Front Party] President Jorge Bornhausen, who had worked with Jatene in Fernando Collor's last cabinet, warned Fernando Henrique that bringing him into the administration was a mistake. "He talks a lot, but does little," Bornhausen warned. The president did not listen at the time, but has since been heard to say in Brasilia that Bornhausen was right.

'People Dying'

The Education Ministry is headed by a man who is brimming with new ideas. At the beginning of the school year, the administration launched a campaign entitled: "Wake up, Brazil! It's time for school!" This was an idea that publicist Nizan Guanaes had tried unsuccessfully to sell to then-Governor Luiz Antonio Fleury of Sao Paulo. Besides "Wake up, Brazil!" Paulo Renato introduced a proposal to abolish college entrance examinations and even signed a provisional measure setting up a test to be given to new graduates to assess the quality of university education. It caused such confusion that now no one knows what happened to that plan. In his favor, Paulo Renato can cite the initiative to send MEC [Ministry of Education and Culture] appropriated funds directly to the schools, an effort necessary to circumvent the profiteers. But so far, he has not come up with anything useful to improve basic instruction, or even to strengthen the public schools that the government has an obligation to take care of.

Not only has Community Solidarity not left the drawing board—it has become a headache. The old LBA [Brazilian Welfare Legion], with its 9,000-employee megastructure and long list of improprieties, at least distributed food baskets and milk. Under the Itamar administration, it was replaced by the Food Security Council, Consea, which allied itself with Betinho's antihunger campaign and last year was able to distribute, in the northeast alone, 10 million food baskets. Community Solidarity is much more generous. It wants to provide food, schools, medical and dental care, sanitation, and clean drinking water. The problem is that so far it has not even been able to do as much as the old LBA. With those facts in mind, Motta told the PMDB that "people may be dying because of political incompetence." In the program that praised FHC it says that Community Solidarity would get a $4 billion chunk of the budget. No sign of the money so far, and no one believes it will get even half that sum between now and the end of the year.

'I Can't Stand It Any More'

At Social Security, the first battle the administration lost in its war for reforms, one person has been seriously wounded. After discovering that the reform is unpopular, the administration decided to play dead and give the impression that the subject was the sole responsibility of Minister Reinhold Stephanes—not a Planalto Palace idea. On Tuesday, the day before passage of a bill raising the minimum wage to 100 real a month, Stephanes was a beaten man. He fought with the administration's delegation, which had postponed the first vote on the reform without advising him. He fought with the opposition, which wanted the 100-real minimum but refused to raise the Social Security contribution rate. He was furious when legislators from his own party, the PFL, made him a humiliating offer—renounce his special retirement benefits as prosecutor, as if he were the only person in Brasilia taking advantage of this benefit. In Congress, he told a friend in exasperation: "I'm tired of this. I am perhaps the most exposed person in this administration, and still they want me to give up my retirement benefits. I can't stand it any more."

While he occupied the Office of President for five days, Vice President Marco Maciel also made a fool of himself. Sergio Cutolo, president of the Federal Savings Bank, wanted Maciel to sign off on the bank reform, abolishing 21 of its 27 superintendencies in the states. Because the reform would eliminate the superintendency in his home state of Pernambuco, Maciel backed off. "I would rather let Pedro Malan see this plan first," he said in a phone call to the bank president. "It would also be better for the president to sign it." Cutolo reported that both Malan and Fernando Henrique knew about the plan. "Even so, I would rather it be done next week," Maciel said, ending the conversation. Thursday, even Minister of Planning Jose Serra joined the fray to insist that the bank reform will indeed go ahead and that the incident between Maciel and Cutolo was only a misunderstanding.

'It Is Chicanery'

Disputes are flaring up in other places. Three tucano ministers are upset with Clovis Carvalho, chief of the civilian household, who controls the timing of their meetings with Fernando Henrique. "All we can do now is to call up Alvorada Palace on the weekends and practically invite ourselves to dinner or over for coffee. That is the only way we can get a chance for any meaningful exchange of ideas with the president," one of them said. Last week, Parana Deputy Paulo Bernardo from the PT [Workers Party] accused former Finance Minister Ciro Gomes of having fabricated a

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surplus before leaving his post by putting off R3.6 billion in expenses until the current administration. The charge was unfounded. Actually, the last government did not spend the whole budget, and 3.6 billion reais was left over. But Ciro Gomes, in exile at Harvard, didn't hesitate. "That PT deputy is nothing more than a ventriloquist's dummy for the one who is sitting in the chair at the Ministry of Planning. That is just plain chicanery," he said, accusing Serra. The planning minister not only refrained from making any charges, but he also had the figures explained in less than 24 hours. By being so hasty, however, Ciro Gomes made it clear that he is just waiting for rough roads and blunders so he can foment new clashes with the government.

In this atmosphere, Fernando Henrique has already remarked to at least one minister and a governor, both fine-feathered tucanos, that he plans to make some changes. According to the two, the idea is to make a move that, in chess, would be called a rook. The president would put Jose Serra in Pedro Malan's job as finance minister. He would move Clovis Carvalho to Serra's post as minister of planning. Last week's ruckus was unfortunate for this plan. In that operation, Sergio Motta would be the natural candidate for Clovis Carvalho's office as head of the civilian household, but now no one knows what will happen to him.

[Box, pp 38-39]

The Pecking Order — The fight to find out who gives the orders, according to FHC.

During a break in his full schedule while in the United States, Fernando Henrique Cardoso gave VEJA a half-hour of his time last week. Following are the main subjects touched on by the president during the interview.

The Cabinet: Sergio Motta stays in the Cabinet. He spoke out in the context of a defense of the administration, and the press picked out phrases that, taken by themselves, sounded aggressive. Even Paulo Renato, who supposedly was one of the ministers criticized, told me on the phone that Sergio Motta was defending the government. I haven't talked to Sergio to find out what he said. Now I've arranged for my spokesman to release an official note on the subject. I think he should limit his statements to issues pertaining to his own ministry, Communications, and refrain from commenting on the performance of his colleagues. There is a rumor going around that Sergio Motta speaks for me. That is not true. Serjao is very intelligent and intuitive, and that is why he takes liberties on some subjects; the news media thinks he is speaking on my behalf or that of the administration. The episode had no repercussions on my trip. It looks like the Americans already know about our civic penchant for creating confusion when the president is out of the country. I haven't heard any U.S. reporter ask about the "Big Sergio" [preceding two words in English] crisis. Pedro Malan is also staying in the government, of course. You see, while we were having dinner one evening here in the United States with Catarina, who is married to Malan, she told us what their house will be like in Brasilia. Speculations popped up in Brazil that Malan would go back to Washington. Because this administration is not given to putting on a show, you hear a lot of fairy tales.

Reforms: I have insisted in speeches and interviews that Brazil is undergoing thorough reforms. Some of them are complicated from the judicial and legislative standpoint. They are reforms that take time to take effect. The administration has not given up on constitutional reforms, as the news media in Brazil has been saying. What is happening is a definition of the pecking order. That's an expression used in social psychology to describe the struggle each person goes through to establish the boundaries of his territory. Congress pecks away, and so does the media, the government, businessmen, and so forth. Every administration starts out this way, with institutions testing themselves, trying to gain something. Everyone wants to see how much power they have. That is normal. I do not believe that Congress's agenda is different from that of the administration. The only time the Congress has a different agenda is when the administration cannot figure out what it wants. Our government has priorities. But those sectors of society that are for reform, which are in the majority, need to get organized and back constitutional changes. Support for the administration's reforms is disorganized.

Investments: In all their questions, U.S. businessmen, reporters, and investors really want to know just one thing: whether Brazil will go down the same road as Mexico. After we talk, they understand that the situation in the Brazilian economy has nothing to do with the Mexican one. Our numbers are good. I have proved to them that Brazil is a solid country. It is not just imports that have increased. Exports have also gone up. We have an excellent reserves position. I also showed them that capital goods, industrial machinery, and raw materials account for 70 percent of our imports. Colgate, I found out, wants to invest $1 billion in Brazil. I think my visit to the United States helped reverse the expectations of many U.S. businessmen as regards Brazil.

Clinton: I have persistently told President Bill Clinton that the traditional international mechanisms for treating the world economy, such as the IMF, the World Bank, and even the Group of Seven—institutions that grew out of the Bretton Woods agreements—are outdated.

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We need some way to provide more effective help to countries with serious problems, like Mexico. The hazardous Mexican situation should have been detected before it exploded. I believe that such stability in the system is in everyone's interest.

Projections Mixed on 1995 Trade Balance

95SM0327A Sao Paulo GAZETA MERCANTIL in Portuguese 27 Apr 95 p B-4

[Article by Isabel Dias de Aguiar and Rolf Kuntz: "Decline in Dollar Facilitates Trade Surplus"]

[FBIS Translated Text] An analysis made by experts from the Central Foundation for Foreign Trade Studies (Funcex) indicates that the 5.8-percent exchange devaluation implemented in March helped reverse the deterioration in the competitiveness of Brazilian products abroad. Coupled with the effects of the dollar's decline on the international market, the action should lead to a trade surplus on the order of $2 billion, a projection termed "moderately optimistic" by Funcex experts.

The study, published this month in the Funcex Exchange Bulletin, does not reflect the opinion of most businessmen associated with foreign trade. Giulio Lattes, director of the Foreign Trade Department (Decex) of the Sao Paulo State Federation of Industries (FIESP), said the decline in the competitiveness of Brazilian products on the world market is still "dramatic." In his view, it will be very hard to reverse the $3 billion deficit recorded in the past six months without modifying the exchange policy.

According to his department, which looked at the effects of the appreciation in the value of Brazil's currency on foreign sales from September to February, there has been an overall decline of 29.08 percent in export volume. Industrialized products are down by 23.72 percent, semimanufactures by 25.21 percent, manufactures by 23.28 percent, and basic products by 44.26 percent.

Lattes said the Central Bank's foreign exchange policy is contradictory. "Exchange policy must be executed, not announced," the businessman said. He complained that the bank had announced that the higher exchange band beginning in May would be R$0.98, but then fixed it at R$0.93. Lattes insists that at R$0.98, Brazil's exports would give the administration the desired $5 billion surplus.

This opinion by the FIESP director was challenged by Luis Paulo Rosenberg, an economist who participated in the seminar sponsored by Funcex yesterday in Sao Paulo and who presented an extremely favorable forecast concerning the performance of the trade balance for the current year. According to Rosenberg, the exchange rate is an important instrument supporting the Real Plan and must not be changed. Furthermore, he said, companies have gained in productivity because of currency stability, and this increases their competitiveness on the world market.

A study done by Funcex supports Rosenberg's argument. Production of foodstuffs, paper and cellulose, fuels, iron, steel, and chemicals products is intensive and so their cost structures make it possible to compensate for the rise that occurred in recent months in labor and services costs. Furthermore, companies benefited from the appreciation in the value of the currency and were able to purchase raw materials abroad.

Roberto Giannetti da Fonseca, vice president of Funcex, does not believe that a decline in the pace of imports would permit a trade surplus to develop this year. "The devaluation had no effect whatsoever," he said.

Foreign Investments May Rise

The Mexican crisis ought not interrupt foreign investments in Brazil's production sector, according to a prediction made by economist Octavio de Barros, the technical director of the Brazilian Society for Study of Transnational Companies and Economic Globalization (Sobeet). In contrast to the forecasts made by foreign institutions, which expect a significant decline in the value of funds earmarked for Latin American countries, Barros thinks there will actually be growth in direct investments in Brazil. He believes the Mexico effect has already been overcome.

The globalization of the economy and the gradual internationalization of Brazilian companies should contribute to that result. Barros thinks that some $3 billion will enter Brazil this year as productive investment—$500 million more than in 1994. Recovery from the damage caused by the exchange crisis has been speedy. Data gathered by Sobeet, based on reports of foreign exchange contracted at the Central Bank between January and March, indicate that $654 million entered the country during that period.

The economist said that many institutions and analysts are mistaken, and even ill-intentioned, in their interpretations of the funds earmarked for Latin American countries. Many of the investments are made in the form of loans between parent companies and their subsidiaries in the so-called "emerging nations." Those funds are counted as debt, when they are actually destined for production. Furthermore, he said, they fail to count reinvestment, i.e., the proceeds of the conversion of foreign debt and investments in assets, such as the transfer of machinery and equipment to subsidiaries in Brazil.

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Brazil enjoys a privileged position in the competition for foreign funds, Barros believes. "Of the world's 500 biggest companies, 372 are present in Brazil. Furthermore, 82 of the 100 biggest are already here and fully aware of the potential of the Brazilian market." The economist said, in a lecture given at a seminar sponsored by Funcex yesterday in Sao Paulo, that financial globalization spurs productive investments. In his opinion, despite the inherent risks, speculative capital stimulates investments because most plans for setting up or expanding companies call for financial engineering products with minority shareholding and placement of private securities on the market.

Chile

'Catalan Brigade' Intercepts TV Signal, Broadcasts Message

PY1905213295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 19 May 95

[FBIS Translated Text] Television Nacional de Chile yesterday afternoon issued the following statement: Quote, unidentified persons have over the last few hours temporarily intercepted this station's audio signal in some isolated areas of Santiago, end quote. Television Nacional de Chile regrets this unauthorized interference.

It has been learned at Government House that this interference was carried out by the self-styled Comandante Catalan Brigade. This brigade is reportedly comprised of former CNI [National Intelligence Center] and DINA [National Intelligence Directorate] members.

The clandestine message warns the government that the Army is unwilling to continue to tolerate generalized corruption and harassment. It also criticized the pressure reportedly exerted by CCPD [Coalition of Parties for Democracy] in view of the upcoming Supreme Court ruling on the Letelier case.

Brigadier: Army 'Will Fully Comply' With Letelier Ruling

PY1905220095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 19 May 95

[All names identified by screen caption]

[FBIS Translated Text] A few days before the Supreme Court issues a definitive ruling on the Letelier case, Brigadier Pedro Espinoza, one of those sentenced to prison in the first instance, said that he would comply with the Supreme Court ruling. Espinoza also said that the Supreme Court ruling will not cause any disagreements between civilian society and the Army.

[Begin recording] [Unidentified reporter] Are you calm, brigadier?

[Espinoza] Very calm, because my conscience is calm, because I am innocent and I hope that justice, as everyone conceives of it, will be carried out in compliance with the laws and the juridical guidelines that have always been upheld in Chile.

[Reporter] If the ruling is unfavorable to you, will you uphold the Supreme Court ruling?

[Espinoza] I have always said I am willing to comply with the Supreme Court ruling, because I am convinced I am innocent and because I am convinced that the courts have carefully studied all the pertinent information.

[Reporter] Reports state that there is concern in the Army. What can you tell us about this?

[Espinoza] Well, I believe that the Army is just as concerned as the judicial branch, the bar association, the judicial branch, or any other national institution.

[Reporter] There have been reports that this ruling may cause disagreements between civilian society and the Army.

[Espinoza] No, not at all, because this is not a struggle between the executive branch and the military, which coexist in compliance with the Constitution.

[Reporter] Does this mean that the Army will comply with the Supreme Court ruling without any problems?

[Espinoza] It will fully comply with it, because it will be a fair and just ruling in compliance with the law.

[Reporter] There is speculation that General Contreras will not comply with the Supreme Court ruling.

[Espinoza] I cannot speak on behalf of Gen. Contreras, I can only speak for myself.

[Reporter] Are you aware of what Gen. Contreras' position will be?

[Espinoza] No, I do not know. Furthermore, I do not think he will be able to inform me about it, because he is a general and I am a brigadier.

[Reporter] Have you given him any advice about the Supreme Court ruling?

[Espinoza] I could not give give advice to a general; perhaps he could give me some advice.

[Reporter] Msgr. Carlos Oviedo has said that whatever the ruling, the pain of the Letelier family will never go away.

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[Espinoza] Well, we should find those responsible, who are in the United States. [end recording]

Political leaders and human rights groups have urged the people to await the Supreme Court ruling on the Letelier case in a calm but watchful spirit.

[Begin Socialist Party Deputy Camilo Escalona recording, in progress] ...so that justice may be implemented, we will not adopt any violent or offensive attitude, as some would like. [end recording]

In addition, they reported the holding of a series of activities prior to the issuance of the final ruling.

Army Spokesman Offers No Assurances on Letelier Ruling

PY1905220995 Santiago Universidad Catolica Television Internacional in Spanish 1800 GMT 19 May 95

[FBIS Translated Text] A few days before the Supreme Court ruling on the Letelier case, Army Deputy Commander Guillermo Garin answered journalists' questions on the Army's reaction to the ruling.

[Begin recording] [Unidentified reporter] Today Brigadier Espinoza went to court. He said clearly that there would be no problems whatsoever with the Supreme Court ruling. Can you give us any assurances that despite the Supreme Court ruling on the Letelier case the Army will not sponsor any irregular activities?

[Lucar] I cannot and I should not offer any assurances. (?Therefore) I am not offering any assurances on behalf of the Army. All I can say is that the Army will comply with its tasks and obligations in a responsible manner.

[Reporter] Does this mean there will not be any unusual Army activities in view of this court ruling?

[Second Reporter, interrupting] ...but on previous occasions you have said that you would comply with the law, with the court ruling.

[Lucar] I meant what I said.

[First reporter] Then there will be no troop movements, drills, or liaison activities?

[Lucar interrupting] You are the one saying these things. I do not discuss these matters. [end recording]

Army Denies Any Link With TV Signal Interception

PY2005033795 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 20 May 95

[FBIS Translated Excerpt] Army Deputy Commander General Guillermo Garin said today that studies for the possible privatization of Famae [Army Ordnance] do not alarm him.

[Begin Unidentified reporter recording] A few days ago National Renewal proposed the possibility of privatizing all the state companies, including defense companies like Famae, where weapons and ammunition are made. Today the Army deputy commander said that the proposal has not been evaluated, and the Army will state its opinion through institutional channels, not through the media. [passage omitted]

Gen. Garin also categorically denied that the Army had anything to do with the interference yesterday with the signal of Television Nacional de Chile.

[Begin Garin recording] Of course the Army has no link with anything clandestine. The Army has nothing to say about something [words indistinct] does not have to say anything on this issue. [end recording]

Creation of District Attorneys Proposed

95SM0318A Santiago EL MERCURIO in Spanish 24 Apr 95 pp A1, A11

[FBIS Translated Text] The draft of the Public Prosecution Ministry Organic Law bill proposes four district attorneys [regional prosecutors] for the Santiago metropolitan area, with jurisdictions of over 1 million persons each. The Public Prosecution Ministry is one of the key institutions in the penal reform process. The bill will be sent to Congress in May.

The bill also calls for creating another 12 prosecution departments for the rest of Chile, with a minimum of seven or eight deputy prosecutors in the smallest regions, and 50 in jurisdictions like the four operating in greater Santiago.

This information was provided by the coordinator of the technical panel that is working on criminal procedural reform, academic Cristian Riego, who described the bill's main features.

The document includes all the reforms needed to make this organization a part of the Chilean judicial system. Its fundamental mission will be to investigate crimes, which is now done by judges. Judges, after being informed of the results of an investigation, will then issue judgment in a public oral court session—another of the reforms.

The bill's final details were completed last Friday, and it is expected to be discussed by the Penal Reform Forum in the next few days. Members of this body, established by the Ministry of Justice, include ministers from the Supreme Court and representatives of the Ministry of

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Justice, of the CPU [University Promotion Association], the Civic Peace Foundation, and the Bar Association.

It was learned that the Public Prosecution Ministry Organic Law will be sent to Congress in May, along with the bill for the new Criminal Procedures Code, after the presidential announcement that it would be included in his message to the nation scheduled for 21 May.

Professor Carlos Pena, a Ministry of Justice adviser, said that a constitutional reform will be required to establish the Public Prosecution Ministry. "It is essential for its autonomy that it be clearly listed in the Constitution and that it share in the allocation of responsibilities among state organizations."

"That will put it on an equal footing with other state powers," he emphasized.

Structure

The coordinator of the technical panel working on penal reform explained that the Public Prosecution Ministry will have a structure based on a technical-professional civil service career system, in which the principal staff will be the regional district attorneys, with the prosecutor general above them.

The prosecutor general will set the general policies on how the organization will function and the way in which the 477 prosecutors authorized in the bill will work to handle the over 30,000 oral cases that they will have to process in one year. This will be based on each region's geographic conditions.

Under the regional district attorney there will be a deputy prosecutor and then the department personnel. "Each prosecutor is to have two or three support staff, unlike the five or six clerks for each court," said Cristian Riego.

A mechanism will be provided for resolving disputes if a regional prosecutor objects to some policy of the prosecutor general. "The matter will be reviewed by the National Prosecutors Council, which will determine a position to be proposed to the prosecutor general, who must either accede or assume responsibility for the matter," he explained.

Riego also indicated that there will be specialized national prosecution departments to handle particular crimes, like drug trafficking or some other crimes.

There is also to be a Coordination Council, consisting of the ministers of justice and interior and a university professor—to be appointed by the president of the Republic—that will handle issues like prison policy, budgets, or proposed legislation. This panel should meet at least twice a year.

Prosecutor General

Carlos Pena explained that the bill proposes that the prosecutor general be appointed by the president of the Republic. He will serve in that office for four years, and may be reappointed for one more four-year term.

"However, the president does not possess absolute discretion, as he must choose the candidate from a slate of three names selected by a seven-member commission," Pena stated.

This commission will include two representatives from the Chamber of Deputies, two from the Senate, two from the Supreme Court, and one from the Ministry of Justice.

This group will function as a candidate search committee, and the candidates selected must be chosen by an absolute majority in order to be included in the three-name list.

The president may make general suggestions that may be accepted or rejected. "If the executive believes the Public Prosecution Ministry is failing to perform its duties, he may order it to appear before the Chamber of Deputies," stated Pena.

Responsibilities

The ministerial adviser emphasized that two fundamental principles concerning the Public Prosecution Ministry must be protected. The first is that it must have sufficient democratic legitimacy, and the second, that it must not be strictly an organization representing majority interests.

"The projected system satisfies those requirements, but we are open to other mechanisms meeting those conditions. For example, the appointment could be made by the president and ratified by Congress, with a qualified quorum ensuring minority participation."

He added that the prosecutor general must fulfill two conditions: legitimacy in a modern and democratic system, and responsibility to society.

That responsibility may be civil, for damages resulting from mistaken actions; criminal, for criminal offenses committed during the exercise of one's position; disciplinary, for officials who fail to comply with institutional rules; and political (only for the prosecutor general), for notable dereliction in his duties.

The bill requires that the prosecutor general give a public accounting of the Public Prosecution Ministry's performance to the Chamber of Deputies.

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"Control of responsibility and of management can only be exercised by obtaining information on particular cases," noted Carlos Pena.

The Public Prosecution Ministry budget will be handled autonomously. Its amount will be set by parliament, and may not be decreased for any reason. He noted that the deputies "will have to decide how much they want to invest in prosecuting crime."

Incentives

Fundamental aspects in promoting a high level of efficiency in the operation of the Public Prosecution Ministry include personnel selection, incentives, and the evaluation of prosecutors' job performances.

That issue is being analyzed by a group of experts including Alvaro Plaza, professor at the Catholic University, and Carlos Valdivieso, research and planning coordinator of the Civic Peace Foundation.

Valdivieso explained that the summit of a prosecutor's career will be the post of district attorney, the principal representative of the Public Prosecution Ministry in each region.

Attempts will be made to generate a civil service career system that will provide training for prospective regional prosecutors so they will also possess the administrative skills enabling them to run their departments efficiently.

"A performance evaluation must be made by prosecutors' immediate supervisors. They will fill in a standard form, but they will also have space for comments that will be submitted for the district attorney's consideration," he said.

There will also be a system of instant computerized data access providing broad coverage so that the progress of cases can be followed with the greatest clarity. "Let the public know where the investigation stands," said Valdivieso.

They will try to establish a salary level as close as possible to the salary scale in private industry. "We need to attract the best people, the most capable in their field," he stated.

Consideration is being given to filling posts through public competitive examinations and also through a search process conducted by the Public Prosecution Ministry.

In relation to incentives, Valdivieso said that not only will salaries be studied as part of these incentives, but also matters like training contracts with universities.

Colombia

First Quarter Business Performance Gauged

95CA0231A Santa Fe de Bogota EL TIEMPO in Spanish 24 Apr 95 pp 1B-10B

[Unattributed article]

[FBIS Translated Text] Business owners have begun to feel the pinch of the high cost of money. Although sales and production rose during the first quarter, the results for earnings were not so satisfactory.

This was the overall result indicated by 516 business owners from the various economic sectors who were interviewed by EL TIEMPO and Yankelovich Acevedo & Associates in the latest Economic Opinion Poll [EOE].

According to the 516 businessmen, there are two things that are not going well: first, the high cost of money and second, inflation, which is not on the right track.

The economic authorities have had to adopt drastic measures to control the volume of money. Consequently, anyone taking a loan must pay interest exceeding 40 percent.

Business firms can hardly obtain profit margins that would enable them to pay those financial costs.

The majority of business owners think that, owing partly to the high rates, it will be impossible to reach the 18-percent inflation target.

And, although production had a satisfactory performance—because, for 42 percent of those interviewed, sales increased and employment remained stable—according to the responses of 52 percent, the government's economic team barely squeaked by with a rating of three out of five points.

That poor rating is due to the tight monetary situation created by the board of directors of the Bank of the Republic, causing the cost of living to shoot up.

Furthermore, earnings were not so good as during previous quarters. During the final quarter of last year, most of the 500 business owners queried responded that their earnings had increased or remained stable.

On the other hand, between January and March of this year, the situation changed: for the majority, earnings declined or remained stable (see tables).

Despite the cost of credit or the skepticism regarding inflation, optimism still remains. Business owners trust that the economy will have a growth exceeding 5.0 percent this year, and that in 1996 the growth of the

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gross domestic product [GDP] will be no less than 6.0 percent.

Moreover, the vast majority of the 516 queried in the EOE are certain that sales, production, profits, and job generation will be far better in the second quarter of the year.

What Business Owners Think (figures are percentages)

Sector	Economic management rating	Expected economic growth		Expected annual inflation	
		1995	1996	1995	1996
Agroindustry	3.0	6.6	7.0	19.6	19.4
Mining	2.5	5.3	6.0	22.5	22.3
Industry	2.8	5.6	6.0	21.0	20.5
Electricity	2.9	6.1	6.6	20.8	20.3
Construction	2.8	5.4	5.9	21.0	21.2
Commerce	3.0	5.4	6.0	20.8	21.0
Transportation	3.2	5.5	6.3	21.0	21.2
Financial	3.1	5.6	6.1	21.1	20.5
Services	2.9	5.7	6.3	21.2	21.2
Exporters	3.0	5.8	6.1	20.5	20.4
Average	3.0	5.7	6.1	20.9	20.9

Rating from 1 to 5 in first quarter

EOE First-Quarter Results (figures are percentages)

	Stable	Increased	Decreased	Don't know/no answer	
Production	39	32	23	6	
Sales	30	42	26	2	
Profits	28	35	33	4	
Employment	51	28	18	1.0	

[Box, p 1B]

EOE Technical Record

Date of execution: 3-10 April 1995.

Poll title: Economic Opinion Poll.

Taken by: Yankelovich Acevedo & Associates.

Persons queried: administrative personnel of business firms belonging to the agricultural, mining, industrial, electricity, construction, commercial, transportation, financial, and services sectors.

Methodology: random sampling from the companies according to the percentage of each sector's participation in production. Information obtained from the Confeca-

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maras [Confederation of Chambers of Commerce] database.

Total polled: 516.

Total margin of error: 4.4 percent.

Editing and analysis: Luis Alberto Lopera, Jaime Mejia Mazuera, Jaime Cristancho, Jacqueline Guevara, Ismael Enrique Medina, Carlos Fernando Gaitan, and Diego Cardenas.

[Box, p 1B]

Disbelief on Inflation

The business owners queried by EL TIEMPO and Yankelovich do not believe in the inflation target of 18 percent.

Of the 516 businessmen questioned, 86 percent think that inflation will reach 21 percent.

The agroindustrialists are the most optimistic. In their view, it will be 19.6 percent.

Do you believe that the 18 percent target will be reached? (figures are percentages)

Yes	13
No	87

[Box, p 1B]

The High Cost of Money

According to those polled, interest will not allow the Social Pact to bring the anticipated results. In their opinion, the higher financial cost will have to be offset by prices.

Furthermore, the short-term prospects are not very optimistic. The macroeconomic conditions indicate this situation during the entire remainder of the year.

Have high interest rates forced prices to rise more than expected? (figures are percentages)

Yes	76
No	24

Cost of Money a Blow to Industry

Colombian industrialists still consider the trade liberalization program their worst enemy, and are not fully convinced of the good results to be accrued from the current economic policy.

Hence, they rated the government's management of the economy during the first quarter with 2.8 points out of 5, and are counting on 21-percent inflation in 1995: 3 points higher than what the government is seeking.

According to EL TIEMPO's Economic Opinion Poll, besides the trade liberalization program, the industrialists' most serious problems are lack of capital, low demand for their products, and now, the high cost of credit, which is beginning to make headway.

Of those polled, 37.8 percent reported an increase in their production, and an equal percentage cited stability. In the case of 21 percent, it declined during the first quarter of the year.

Nevertheless, they are not pessimistic about economic growth this year. On the average, the industrialists who responded to the poll believe that the economy will grow 5.6 percent in 1995, and 6.0 percent next year.

At least a third of the industrialists are maintaining a satisfactory level of sales: 43.9 percent claimed that their sales rose during the first quarter, and 25.5 percent said that they remained stable. However, 29.6 percent reported a reduction.

The same thing does not apply to their earnings, because only 28.6 percent reported an increase, and 29.6 percent said that they remained stable; whereas 36.7 percent claimed that their profits had declined.

This situation has occurred because of the competition brought by the trade liberalization program and the increase in contraband.

As for employment, 26.5 percent of the industrialists answered that they had created new jobs, and 52 percent reported that they retain the same number as last year. Only 21.4 percent indicated that they had to reduce their numbers of jobs.

Nevertheless, they are optimistic about the future: 65.3 percent believe that their sales will improve in the second quarter, and 24.5 percent expect them to remain at a level similar to the present one. Only 8.0 percent mention a cut in their sales.

The business owners' good expectations are based on the increased investments anticipated in the hydrocarbons sector, the performance of the construction industry which—although not like that of the previous year—

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will maintain a good rate, as well as the higher coffee growers' income and greater devaluation.

During the past few weeks, both small- and medium-sized industrialists have charged that the few funds for credit are being directed toward only big business, thereby hurting their production and making their credit more expensive, because they have to resort to loans outside banks.

They also have placed their hopes in the government's announcements of an impetus to be given to new industrial and technological policies.

Industry (Last Quarter) (figures are percentages)

Performance	Sales	Earnings	Employment
Increased	44	28.6	26.5
Stable	25.5	29.6	52
Declined	29.6	36.7	21.4
Don't know/ no answer	1	5.1	0

Prospects for Industry: Next-Quarter Sales (figures are percentages)

Will increase	65
Will remain stable	24
Will decline	8
Don't know/no answer	2

Commercial Sales Remain Steady

Even though things went well for the commercial sector during the first quarter of the year, it expects better times.

For 68 percent of those polled, sales increased or remained stable in the first months of the year. Nevertheless, those queried predict that they will have a better performance during the months from April to June.

This was the view of 61 percent, who claim that their sales will grow, compared with 13 percent who foresee a decline.

The impact of the new tax burden was not reflected in the EOE, although repercussions are expected. This holds true of the 1.5 percent withholding of tax at the source for sales made with credit cards, which will go into effect as of 1 May.

A total of 26 percent reported that their earnings increased, whereas they declined in the case of 37 percent.

A better performance is expected for the April-June quarter: 59 percent of the merchants expect their profits to rise. These prospects are realistic, bearing in mind that there are three major sales dates during the next quarter: Secretary's Day, Mother's Day, and Father's Day.

The merchants consider the trade liberalization process, followed closely by contraband, as the main problem for the economy and business.

These two issues are very closely linked, because, with the liberalization of trade, the doors for the illegal entry of goods were not closed.

The National Federation of Businessmen [Fenalco] has on various occasions spoken out regarding the need to exercise greater control at customs stations and in border zones, to curb the smuggling that is competing with formal commerce at a great advantage.

Commerce ;1.2>First-Quarter Sales (figures are percentages)

Increased	34
Stable	34
Declined	32
Second-Quarter Prospects (figures are percentages)	
Will increase	61
Will remain stable	24
Will decline	13
Don't know/no answer	2

A Break for Exporters

Although they claim that they still need to regain the ground lost, exporters are beginning to breathe more easily.

The recent decisions of the Superior Foreign Trade Council, such as that for an increase in the Tax Reimbursement Certificate [CERT], and the implementation of the certifying companies dealing with imports, have prompted them to be more optimistic.

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Hence, in answering the EOE, they claimed that the situation would improve in the future. They maintain that the growth of the economy in 1995 will be 5.8 percent, and will reach about 6.1 percent in 1996.

The first quarter was positive for the exporting sector, because the so anxiously awaited devaluation began to have its effect—albeit still to a slight degree. Nevertheless, the sector's industrialists say that the ground lost in recent years has not yet been recovered.

The exporters graded the management of the economy with 3.0 points, and are counting on 20.5 percent inflation: in other words, they are not very convinced of the Social Pact target of 18 percent.

A total of 55 percent of exporters polled reported an increase in their first-quarter sales, and 18 percent claimed them to be stable; whereas, in the case of 22 percent, they declined.

However, when queried about the earnings accrued, only 40 percent replied that they had increased, while 32 percent indicated a reduction. They remained stable for 21 percent.

The government's decision to increase the CERT is intended to benefit sectors that were hurt by the revaluation or the drop in international prices, such as those of leather and its manufactures, textiles, and shrimp.

However, the measure will go into operation during May: In other words, it had no effect in the first quarter.

One of the problems cited by the exporting sector is the fact that, during the first quarter of the year, contraband continued to deal a heavy blow to the Colombian economy.

Although many believe that a phenomenon such as contraband has no reason to hurt exporters, illegal imports do hurt export firms also engaged in making products for sale on the internal market.

The exporters stress that the problem is that there is no customs authority; and that, on the contrary, certain recent measures are tending more to obstruct the endeavor of legal importers.

Many business owners have had their profit margins dramatically cut, and some have even been forced to close their factories, and are unsure whether that closure will be temporary or permanent.

In addition, external factors such as the current economic situations in Mexico and Venezuela, the recent contention with the United States regarding bananas, and, politically, the good-conduct certification related to drug trafficking problems, have created a foreign trade environment that is not at all clear.

Exporters	
First-Quarter Sales (figures are percentages)	
Increased	56
Stable	18
Declined	22
Don't know/no answer	4
First-Quarter Earnings (figures are percentages)	
Increased	40
Stable	21
Declined	32
Don't know/no answer	6

Agriculture, Disappointed But Not Pessimistic

With the disappointment caused by the government among agricultural business owners, the results of the EOE cannot fail to be paradoxical.

The business owners polled still retain confidence in the maintenance of the great dimensions devised by the government for the economy, such as those for inflation and growth of the gross domestic product.

The agricultural-livestock sector and agroindustry expect a GDP growth of 6.6 percent in 1995, and of 7.0 percent for next year. These expectations are high, compared with those harbored by other sectors.

Similarly, according to the EOE, agriculture expects 19.6 percent inflation this year, and 19.4 percent for next year.

This inflation calculated by agriculture is the lowest, compared with that estimated by other sectors, which put it at 20 percent for the next two years.

And, despite the disappointment with the government, as the sector's associations have described it recently, the Executive Branch team did not flunk in the rating of its economic management. Rather, it "squeaked through" with a grade of three points.

Thus far this year, while dry weather has predominated, there has been a torrent of criticism of the government by agriculture.

The perception in the sector is that it has been used as a political springboard: promising much and, according to the criticism, doing little.

The government has maintained that the reactivation of agriculture is long-term. Its spokesmen claim that

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the efforts have been focused mainly on the peasant economy, without losing sight of short-term measures for large-scale producers.

Simultaneously, entrepreneurial agriculture has been criticized for not tending toward greater efficiency and for complaining too much when, according to its detractors, it has been the sector benefiting most from protection amid the trade liberalization program.

The associations have retorted that asking for efficiency under adverse circumstances—such as insecurity, violence, and lack of roadways and port infrastructure, among other factors—is senseless.

Last year, about this time, the situation was similar: a controversy with the government, but with optimism retained.

Other results of the first-quarter EOE indicated that agriculture's performance has not been negative.

First quarter sales remained stable for 35.7 percent of the business firms, and increased for 28.6 percent, while they declined for the remaining 35.7 percent.

Optimism predominates for the next quarter, because 78.6 percent of those polled believe that sales will grow, and 7.1 percent expect them to remain stable; whereas the rest predict a decline.

On the other hand, the way in which the companies will react to the impact that is to come when the Andean price brackets system goes into operation is being cautiously awaited.

Agriculture

First-Quarter Sales (figures are percentage)	
Increased	28
Stable	35
Declined	35
Prospects for the Second (figures are percentages)	
Will increase	78
Stable	7
Will decline	7
Don't know/no answer	7

Banks: The Tightness Has Had No Effect

The credit entities cannot complain. Despite the tight monetary situation, the financial system is still going at full speed, and its progress is unlikely to stop suddenly.

The EOE revealed that the sector's income and profits increased during the first quarter of 1995 for nearly 50 percent of those queried, in comparison with the same period in 1994.

For the April-June quarter, the situation is even more promising: 68 percent expect an increase in their income, versus 5.0 percent who predict a decline.

Nevertheless, the bottleneck in the system is still high interest rates, a reduction in which is not expected to occur in the short term.

When questioned about the sector's main problem, 26 percent admitted that it was interest—which, on the average, exceeds 45 percent for loans, and is 38 percent or more for deposits (for example, the CDT [fixed-term certificates of deposit]).

And the fact is that the bid for public funds has not stopped. In their eagerness to achieve liquidity, the credit entities are acknowledging a higher profitability, which is unloaded on the client seeking loans. The EOE speaks for the sample: 73 percent of those interviewed claimed that high interest rates will force them to raise their costs.

The problem is that, with higher interest rates, there is an increased risk of greater deterioration in the entities' portfolio. The sector's delinquent loans already total a billion pesos. Sectorial organizations such as the Bankers and Financial Entities Association [Asobancaria] and the National Association of Financial Institutions [Anif] have underscored the need for a closer watch over the handling of overdue debts.

Added to this is the fact that the growth in the sector's portfolio continues to shoot up. Loans are increasing at an annual rate of 45 percent.

Financial Sector

First-Quarter Income (figures are percentages)	
Increased	56
Stable	24
Declined	19

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Trade Liberalization Program Still Troubling Businesses

For the fifth consecutive quarter, business firms have considered the trade liberalization program their main problem; this time, however, high interest emerged as a negative factor.

The new taxes did not appear to be a problem for the 516 companies polled because, during the period of data collection, the bill to be submitted by the government to the National Congress had not yet been thoroughly dissected.

According to EL TIEMPO's Economic Opinion Poll, 17.7 percent of those queried claimed that the liberalization program is the main problem confronting the economy as a whole.

Similarly, in the specific case of business firms, it is also the number one problem in the view of 15.6 percent.

Other problems emerged forcefully, as the closeness of the percentages indicates.

For example, the problems after liberalization, in order, are: uncertainty regarding the economic management (12.4 percent), lack of capital (12.1), interest (12), and contraband (11.6).

And, for business firms, the problems other than liberalization are: high interest (15.5 percent), insecurity (12.5), lack of capital (11.6), and low demand (9.4).

For 6.8 percent of those polled, the new taxes are the problem for the economy; while 7.1 percent regarded them as a problem for business firms.

The liberalization program is still causing bitterness among many business owners, especially when they are being urged to modernize while faced with expensive money.

According to some analysts, this affects the selection of options for modernizing.

Moreover, during the first quarter of the year, business firms on the verge of modernization to steal a march on the liberalization program had to digest and assimilate the entire flood of reports on the Mexican economic crisis that broke out at the height of the new year.

This reason may perhaps have contributed to the fact that, for the fifth consecutive time, the trade liberalization program was again regarded as the main problem for the economy and for business firms.

Signs of a certain amount of concern over a performance similar to that of Mexico are the stagnation in demand and the drop in prices of paper on the stock exchanges.

With this performance, no one has precluded an occurrence of the so-called "tequila" effect.

Also as a result of what occurred in Mexico, there has been talk of caution on the part of foreign investors, because business deals failed to materialize during the first quarter.

On the other hand, during the course of the first three months of the year, the balance sheets of nearly all the business firms were published, and were considered positive.

However, 1995 was approached with an eye to problems, such as the high cost of money and the repercussions of the Mexican crisis.

Furthermore, while the government called for a social pact to reduce inflation to 18 percent, the high interest rates forced several business firms to raise their prices more than anticipated.

Problems of the Economy (figures are percentages)

Liberalization	17
Uncertainty about economic management	12
Lack of capital	12
Interest	12
Contraband	11
Insecurity	11
New taxes	6
Others	16

Problems of Business (figures are percentages)

Liberalization	15
Interest	15
Insecurity	12
Lack of capital	11
Low demand	9
Contraband	8
Taxes	7
Uncertainty	6
Revaluation	3

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Liberalization	15
Others	6
Don't know/no answer	4

The Curbing of Construction Has Begun

The vitality that the construction sector brought with it has begun to wane, and attaining the levels recorded during the past two years apparently will be very difficult for it in 1995.

Construction firms are experiencing problems as a result of the tight monetary situation, and they are not too convinced of the measures governing the sector.

In responding to EL TIEMPO's Economic Opinion Poll, they rated the management of the economic policy with 2.8 points out of 5; and, like the industrialists, they do not believe in an 18-percent inflation for this year. In their opinion, the cost of living will rise 21 percent, and the economy will grow 5.4 percent this year.

Of the firms in the sector that responded to the poll, 25.9 percent agreed in reporting that their sales and earnings increased; while 40 percent noted that sales were stable, and 33 percent cited the same stability for earnings.

Despite the difficulties, the construction firms are optimistic: 63 percent believe that their sales will improve during the second half of the year, and 22 percent think that they will remain stable. Only 14.8 percent mention a reduction.

In discussing future earnings, 55.6 percent replied that they would increase, and 25.9 predicted that they would remain at levels similar to the current ones.

Nevertheless, high interest rates are beginning to hurt construction firms, most of which think that they will have to raise housing prices to recover their investment.

That situation has made them pessimistic about the Social Pact. They believe that if prompt control over interest is not achieved, the government's initiative will be a failure.

On the other hand, there is the portfolio problem. The meager supply of available funds has increased the delinquent portfolios of the corporations. This, in turn, has reduced the possibility of offering new loans.

That situation will be the one slowing the pace that the construction sector had been keeping. It will attempt to procure new funds by way of portfolio securities. Nevertheless, high interest could, once again, put an end to this objective.

One of the corporations' problems is that nearly a third of the funds that they will have on hand this year for lending has been committed since last year to the construction firms. This limits the possibility of granting new loans still further.

In fact, thus far this year, a considerable slowdown has been evident in the process of approving new loans in the principal cities, but not in the capital. According to statistics from the Colombian Savings and Housing Institute [ICAV], in Bogota applications for construction involving over a million square meters have been approved.

In any event, during the first quarter of the year a slight recovery has begun to appear in the corporations' revenues, because the monetary correction formula was changed at the end of last year.

For the foregoing reasons, the corporations expect to recover part of the pie representing the total collections on the financial market that they lost last year.

They also expect to have their reserve requirements for ordinary savings deposits reduced from 10 to 2.0 percent; as a result of which, they would have new funds to lend.

Construction

First-Quarter Sales (figures are percentages)	
Increased	26
Stable	40.7
Declined	33.3
First-Quarter Earnings (figures are percentages)	
Increased	26
Stable	33.3
Declined	37

Second-Quarter Projections (figures are percentages)

Sales	
Will increase	63
Stable	22.2
Will decline	14.8
Earnings	
Will increase	55.6

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Sales	
Stable	26
Will decline	18.5

Four Views on Proposal To Reform Congress

95CA0234A Santa Fe de Bogota EL TIEMPO in Spanish 14 May 95 p 8A

[Unattributed article]

[FBIS Translated Text] The issue of constitutional reform has something for everyone. However, President Samper's proposal was concrete, inasmuch as he cited the need for overseeing the financing of political parties, merging the Chamber and Senate, and reforming the operation of the Congress.

To open the debate, EL TIEMPO invited four persons who are thoroughly familiar with the major issues: Rodrigo Losada, political science director at the Xaverian University; Pedro Santana, a political expert and member of the government-appointed commission; Luis Guillermo Nieto Roa, ex-member of the Constituent Assembly; and Eduardo Pizano, a senator.

Is it worthwhile to change the incipient Political Constitution?

According to Nieto Roa, the changes proposed by the president could be achieved through laws. It makes no sense to embark on extensive reform, when the Congress could legislate on those matters if it wishes. The problem, Nieto added, is that the Congress has been unwilling to use all the tools given it by the Constitution of 1991.

Eduardo Pizano is a severe critic of the timing, the climate in which the president's proposal occurred. In his view, it was made to divert attention from the major problems being experienced by the country. "But if a reform needs to be made, then it will be made."

To Santana, it is worthwhile to undertake some deep-seated changes in the structure of the parties and their operation; and there is, in particular, a need for democratizing them. It is his view that the Constituent Assembly failed in changing two substantial aspects of the nation's existence: the Congress and the Armed Forces. And, if those changes can be achieved through a constitutional reform, then so be it.

And, according to Losada, constitutional reform is unnecessary, especially if it is extensive in scope. In his opinion, there is a very negative attitude toward the Congress when, working at its own pace, it has legislated on important matters. He claimed that the parties have no reason to be the panacea of a society, as they were in previous centuries. The parties can be significant electoral organizations. Other functions in the society's life are discharged by the news media, civic organizations, etc.

The question is the extent to which the Congress, upon undertaking substantial reform, might end up reviving privileges that were eliminated by the Constituent Assembly: for example, the harsh system of disqualifications and incompatibilities. They agreed that great precaution must be taken, because some sectors of the Congress are revanchist.

For example, Losada thinks that the reform of the Congress is bland. The country's major problems consist of corruption, widespread impunity, quality of education, and the nation's competitiveness, confronting a world that is becoming increasingly interdependent.

These were the questions asked by EL TIEMPO of those invited to the debate:

1. In your view, what is the origin of the president's proposal, which many have described as a smokescreen?

2. Is it necessary to undertake a reform of the Congress, as President Samper has proposed?

3. Do you agree that a constitutional reform should be made to change the system for financing political campaigns?

4. Do you think that there should be one or two legislative chambers?

5. Do you believe that reform should be carried out to revitalize the political parties?

6. Is there a danger of leaving a loophole through which reforms might be infiltrated to revive old vices of the Congress?

Rodrigo Losada, Director of Political Science, Xaverian University

1. In my view, it is a political ploy to divert the pressure of public opinion, and of the media in particular, brought to bear on the president and the financing of the campaign.

2. As for the reform of the Congress, I think that there are more deepseated problems requiring solutions: impunity, corruption, the quality of education, and international competitiveness. If the proposal were based on a more fundamental concern, which I do not deny that the president may have, and if he wanted to bring up for discussion a bill for reforming the Constitution and the parties, with complete maturity, it seems to me that

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the scene would not be Cartagena, but rather an address to the entire country, a speech in Congress.

3. On the subject of campaign financing, the costs, the time, and the opportunities for advertising should be reduced. All this could be achieved without need for a constitutional reform; it could be handled through laws.

4. This is a protracted and pointless debate. I know of no clear evidence that a unicameral congress would be more efficient and representative than a bicameral one. If one views it based on speediness, one chamber seems better than two, but if it is viewed based on maturity in debating, and representative status, one could conclude that it is more sensible to have a congress with two chambers.

5. As for the reform of parties, there is a spurious issue here also. The political parties are a phenomenon of the last century and the beginning of this century. Except as electoral campaign organizations, they will have nothing to do in the future. They have lost the space for representation and articulation of interests that they possessed when they appeared. Today, there is a need, rather, for flexibility in the commitments of Congress members, who should support one measure or another depending on the circumstances.

6. Political reform could hardly emerge from this Congress. Nevertheless, I think that it would be a mistake for us to embark on a constitutional reform process at this time. The president was wrong in proposing it. Political reform in the area of campaign financing can be carried forward in this Congress, despite the persons who may have links with the drug traffic.

I believe that the majority will prove sufficient to carry forward legislation that would reduce the chances of drug money penetrating the campaigns, or transfer the burden of the financing to the state.

Pedro Santana, President of Long Live the Citizenry'

1. I believe that the proposal is an attempt to address a far more serious structural problem.

It is intended to determine whether the Constitution of 1991, which attempted a complete reform of the political institutions, worked successfully in that respect or not.

2. The Congress was quite well reestablished in the Constitution of 1991.

It was given powers, but the Congress is not performing those important functions assigned to it.

Do you think that the Congress was a meaningful scene for debating the National Development Plan?

It is a disgrace how the previous Congress and this one have failed to make use of the devices for political control given to it by the Constitution.

3. It is quite obvious that there is a problem with campaign financing, but that is not confined to the Liberal Party alone. Rather, it involves the entire political class.

4. Deciding how far to take the debate (I don't know whether the president will take it that far) does not mean merely deciding on one or two chambers.

The problem is one of structuring the political society in the country.

5. Parties are nonexistent in Colombia. The Liberal Party consists of 200 political bosses with 20,000 votes; and the Conservative Party has a similar number.

We should not conceal the structural problems of the political class.

That business of campaign financing is a problem that could have metastasized in any of the parties.

What happened to the Liberal Party has already happened to the Conservative Party. It is an uncontrollable problem, because there is no public transparency nor any control devices here. The parties are nonexistent. They are associations of friends based on patronage for winning votes.

6. He did not comment on this topic.

Luis Guillermo Nieto Roa, Ex-Constituent Assembly Member

1. I do not agree that it is a specious diversion from purely current issues directly involving the president.

I believe that the president realizes that there is an almost aberrant political situation, which makes any public administration proposal difficult. That awareness has prompted him to seek a solution for a situation in the country that is becoming unmanageable. What I do believe is that the proposal is erroneous.

2. It seems to me that, with the Constitution of 1991, the Congress was left in an unbeatable situation, and accorded a treatment that would give it every opportunity to be excellent. And if it does not turn out that way, it will not be because a different structural formula should have been sought for it. Rather, it will be because what is foundering are the political habits and human composition of the political class.

The country cannot continue to have a political class and political habits such as those at present. I do not believe that the Constitution can contain the device

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for revitalizing the political class, nor the device for changing the political habits. Constitutions are, by definition, structural, and this is a cyclical situation.

3. It is worthwhile emphasizing that the problem of campaign financing and corruption of the political class is not that of the Liberal Party. Only Liberals are being brought down in a completely circumstantial manner: something that one could explain based on the fact that the Cali Cartel has for many years been strongly inclined toward that political sector.

4. We could have a single chamber, changing its procedures and its powers; but, in the end, if a substantial change is not made in its political habits and in those acting, nothing will happen.

5. I disagree with Pedro Santana that the Constitution should be reformed to make it possible for the parties to become organized internally, with certain rules of behavior. Democracy consists of allowing each individual to do what he wishes politically, based on the design for the common good. There is no reason to make it mandatory for anyone joining a party to have any particular status.

6. If the president introduces the subject in Congress, we shall end up retrogressing from the Constitution of 1991 with respect to what was done to balance the branches of government.

Eduardo Pizano, Senator of the Republic, New Democratic Force

1. The origin of the proposal is not good. This is a president subjected to the scrutiny of public opinion concerning the source of campaign funds. He is attempting to put up a series of smokescreens so that no one will discuss the problem again. It is illegitimate for the president to call upon a group of friends who have an idea of what the Congress should be like, so that they can prepare a reform bill for him that has no legitimacy on the street. The fact that there are really areas in which a reform should be made is something else.

2. Whether one or two chambers are created, the Congress will remain exactly the same. I believe in voluntary participation, but when people are given the right to participate, and fail to do so, they should be required to do so. Compulsory voting is necessary, so that new faces may emerge and take control of the institutions.

3. When there is talk of political campaign financing, we know that a problem exists, but where a problem really existed was in the election of the Liberal Party. There are six senators who were severely questioned about having received money from the drug traffic in the runoff elections for the president.

The problem is not just that of the drug traffic; it involves all kinds of money with malicious intent. There are a number of contractors behind the mayors, to finance them, who are expecting to be awarded the contract for building a bridge.

4. The debate on whether we should have one or two chambers seems insignificant to me. I wonder whether it would be worthwhile, or better, to establish a more unremovable civil service, because that is where the submissiveness in a Congress toward an executive branch lies, for approving whatever the latter submits on account of a few positions.

People who think that you are the one offering employment, or the fellow who takes out the tubes, need to be made aware of the purpose served by the Congress.

5. Reforms are necessary, but not just in the Congress. However, no reform of the Constitution is required to achieve that.

6. People are asking, "Are they going to reform the Constitution?" when five or six articles of the Constitution already have been reformed.

An additional process of change is taking place in the Constitution. I believe that the Congress can make a significant reform.

Ecuador

Oil Prices, Exports To Increase State Revenues

95SM0328A Quito EL COMERCIO in Spanish 5 May 95 p B-1

[Received via Internet]

[FBIS Translated Text] The price of Ecuador's crude and exports are rising, boosted by demand in the world market. Exports could reach an average of 69.2 million barrels a day in 1995 and 70.3 million in 1996.

A slow recovery is now in progress, after the crisis which hit bottom in December 1994. Optimistic estimates by OLADE [Latin American Energy Organization] for the period beyond 1995 project a minimum price of $15 per barrel in 1996, a maximum of $17, and a probable price of $16.50.

The bonanza should prop up the local economy, which has been hurt by the war with Peru and the new taxes the government has levied.

For the first time since 1992, oil price quotes are now reaching $17 per barrel, but the average price paid

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is slightly over $15. This is more than $1 above the reference price used in preparing the 1995 state budget.

This year's central budget projects revenues of 2.921 billion sucres for sales of petroleum and its byproducts. For exports alone, the government projected revenues of 1.605 billion sucres.

According to standard market calculations, for each dollar increase in hydrocarbon prices, revenues rise by approximately $100 million a year.

It is worthwhile to indicate that not all these earnings are net budget revenues, as the resources must be distributed among other petroleum revenue participants.

Experts believe that the government should create a "cushion" or fund with the surplus revenues in order to close the government's budget imbalance, which is over 200 billion sucres.

That has already been done by other governments, though its results have not been seen, they say. "The most sensible thing would be to state that anything obtained above the price of $14 will be placed in an account to be used to cover that deficit, rather than creating new taxes," explains analyst Alberto Acosta.

According to OLADE, this price recovery is due, among other factors, to discipline on the part of OPEC [Organization of Petroleum Exporting Countries] members, who are keeping the production ceiling at 24.52 million barrels; the severe winter that hurt North Sea production; and the change in refining standards; now instead of the fuel oil used for heating in the winter, refineries are processing gasoline to meet the summer demand.

Another factor is the decline in the U.S. dollar in relation to other hard currencies like the yen and German mark.

There has also been some recovery in the economies of the northern countries, requiring increased petroleum consumption. Then there is the threat of a heightened conflict between the United and Iran, which would again convulse the Persian Gulf.

Long-Term Solutions Needed for Economic Crisis'

95SM0328B Guayaquil EL UNIVERSO (MUNDO ECONOMICO) in Spanish 2 May 95 p 7

[Commentary by Hector Plaza Saavedra: "Crisis After the Conflict?"]

[FBIS Translated Text] The new minister of finance and public credit—who is not very fondly remembered in the Guayaquil business community from when he was minister of industry—is trying at all costs to increase the funds in the Treasury in order to balance government finances—which are in fairly bad shape, he says, because of the military conflict with Peru. Obviously, one can only agree with such a noble intention. But what the business community and the people in general do not agree with is that he wants to do this in the easiest and most traumatic way possible: through a tax increase.

In fact, the recent military conflict did cause extraordinary expenses. There is no doubt about that! A country as peaceful as ours could not have included war spending in its budget, so in order to face the Peruvian aggression we had to take funds intended for other, less pressing needs than war expenses. And through the courageous and determined actions of our FFAA [Armed Forces] and the likewise courageous and intelligent attitude on the part of the president of the republic, we expelled the invader in a very short time. But from that point to saying that the only way to make up the extra expenses is through a tax increase is too great a distance.

Cost of the War

In the first place, we need to know exactly what the real cost of the war was. Every government official has his own figure: $150 million, according to former Minister Correa; $250 million, said the chair of the Monetary Board; and $500 million was the figure of the present minister of finance and president of Conam [National Monetary Council].

After we learn the real cost of the war, depending on its magnitude, we need to think—and act—to reduce government spending. And if the deficit still persists after all the means to collect the taxes and fees contained in our laws have been exhausted, then a change in attitude will be essential. Not to increase the tax rate, not to levy new taxes. No. We should strive to increase production, which is the only way to emerge from underdevelopment. A country like ours cannot continue to allow itself the luxury of maintaining a bureaucracy with little or no interest in the nation. Bureaucrats who found in the word *solidarity* the main argument to avoid modernization of the IESS [Ecuadoran Social Security Institute]. Yes, solidarity with those who earn the most and pay the most. But did they ask retirees and other people in the social security system if they are happy with the present IESS? If they do, they will find that people are not so pleased, because the IESS employees do not show solidarity with the workers who pay their salaries and keep them in their jobs.

Customs Corruption

Starting to do battle against corruption cannot be postponed. Customs can not remain in the hands of deputies and politicians in general—almost all dishonest—who

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try to slake their appetite for wealth and power without caring about the harm they do to the nation. Dramatic customs evasion figures are reported. While the United States declares that Ecuador bought goods worth $1.098 billion in 1993, the Central Bank reports that we imported goods worth only $711 million. Where is the difference? Indeed, it is in the hands of that unscrupulous political class.

The war against corruption cannot be declared lost. If oversight organizations like the SGS [expansion not given] and similar groups are not considered suitable, they will have to be changed; but we cannot continue to allow such massive evasion.

A similar thing is happening with the VAT [Value Added Tax] and income tax collections. It is time to compel all Ecuadorans to pay and to obey the law. If a long-time businessman meets his obligations honestly, a time will come when he will have to close his doors and leave his employees without jobs, because he cannot compete against people who do business unfairly.

Reducing Poverty

As productive activity is the only viable way to escape from poverty, we must provide incentives for it. We need to remove obstacles of all sorts, not just tariffs and import permits. In addition, the tax rate could be lowered if we collected taxes efficiently, and overall revenues would rise. Then we would have a truly efficient public sector.

All these things have always existed in Ecuador. No government has been willing to or capable of, at the least, diminishing the crisis. The crisis existed before the military conflict. An inflation rate firmly pegged to an overvalued exchange rate has caused our imports to grow faster than our exports. The surplus in the balance of trade declines year after year, to say nothing of the balance of payments, which for years has shown a deficit in its current account. The deficit of $539 million on 31 December 1994 is 21.7 percent higher than the 1993 deficit, as EL UNIVERSO reported in its 28 March 1995 edition. So long as we do not think of long-term solutions and so long as the political class—entrenched in the executive, legislative, and judicial branches of the government—maintains such a negative attitude toward the nation, we will continue to speak of diverse origins for the same old crisis.

Amazonas Refinery To Increase Refining Potential

95SM0328C Guayaquil EL UNIVERSO in Spanish 7 May 95 p 3

[Unattributed article]

[FBIS Translated Text] Quito. Ecuador now has a crude refining capacity of 157,000 barrels per day. In 1997, when the expansion of the Esmeraldas Refinery has been completed, our refining capacity will be 177,000 barrels per day.

On Friday [5 May] President Sixto Duran-Ballen inaugurated the expansion of the Amazonas Refinery, expressed his full support for Ecuador's petroleum activities, and emphasized his determination to proceed with the project to expand the Trans-Ecuador Pipeline.

Amazonas Refinery

The expansion of the industrial facilities of the Amazonas Refinery in Shushufindi entailed building a new primary distillation unit with a capacity of 10,000 barrels per day. It will be fully integrated with the existing infrastructure in the Shushufindi industrial complex, where construction of the first plant—with a capacity of 10,000 barrels per day—was begun in the second half of 1987.

This project will raise the crude processing capacity from 10,000 to 20,000 barrels per day, furthering regional development and meeting the internal fuel demand for prospecting and development of the Amazon region oilfields.

This new production of byproducts will meet the demand of the Amazon region until the year 2005. This includes the needs of the oil companies working in the area, which are now extracting heavy crudes.

The Amazonas Refinery produces the following products and quantities every day:

Products and Quantities Produced

Product	Quantity (barrels per day)
Liquid petroleum gas	130
Gasoline	4,169
Aviation fuel	500
Diesel fuel	6,220
Residue	8,973

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The expansion's cost was $24 million, financed by Petroindustrial.

The project was built within 16 months by the U.S. firm Kellog Pan American Co.

The construction firm's CEO, Jose Mendoza Fernandez, said that the modern nature of this facility incorporated concepts that were first proposed in the design and basic engineering studies, and were later included in the final engineering plans, in the equipment and materials acquisition, and in the construction of the facilities which are now a reality.

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